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DEFICIT REDUCTION LOCK-BOX ACT OF 1995

JULY 25, 1995.—Ordered to be printed

Mr. SOLOMON, from the Committee on Rules, submitted the following

R E P O R T

together with

ADDITIONAL AND DISSENTING VIEWS

[To accompany H.R. 1162]

[Including cost estimate of the Congressional Budget Office]

The Committee on Rules, to whom was referred the bill (H.R. 1162) to establish a Deficit Reduction Trust Fund and provide for the downward adjustment of discretionary spending limits in appropriation bills, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Deficit Reduction Lock-box Act of 1995".

SEC. 2. DEFICIT REDUCTION LOCK-BOX ACCOUNT.

(a) ESTABLISHMENT OF ACCOUNT.—Title III of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

"DEFICIT REDUCTION LOCK-BOX ACCOUNT

"SEC. 314. (a) ESTABLISHMENT OF ACCOUNT.—There is established in the Congressional Budget Office an account to be known as the 'Deficit Reduction Lock-box Account'. The Account shall be divided into subaccounts corresponding to the subcommittees of the Committees on Appropriations. Each subaccount shall consist of three entries: the 'House Lock-box Balance'; the 'Senate Lock-box Balance'; and the 'Joint House-Senate Lock-box Balance'.

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"(b) CONTENTS OF ACCOUNT.—Each entry in a subaccount shall consist only of amounts credited to it under subsection (c). No entry of a negative amount shall be made.

"(c) CREDIT OF AMOUNTS TO ACCOUNT.—(1) The Director of the Congressional Budget Office (hereinafter in this section referred to as the 'Director') shall, upon the engrossment of any appropriation bill by the House of Representatives and upon the engrossment of that bill by the Senate, credit to the applicable subaccount balance of that House amounts of new budget authority and outlays equal to the net amounts of reductions in new budget authority and in outlays resulting from amendments agreed to by that House to that bill.

"(2) The Director shall, upon the engrossment of Senate amendments to any appropriation bill, credit to the applicable Joint House-Senate Lock-box Balance the amounts of new budget authority and outlays equal to—

"(A) an amount equal to one-half of the sum of (i) the amount of new budget authority in the House Lock-box Balance plus (ii) the amount of new budget authority in the Senate Lock-box Balance for that bill; and

"(B) an amount equal to one-half of the sum of (i) the amount of outlays in the House Lock-box Balance plus (ii) the amount of outlays in the Senate Lock-box Balance for that bill,

under section 314(c), as calculated by the Director of the Congressional Budget Office.

"(d) DEFINITION.—As used in this section, the term 'appropriation bill' means any general or special appropriation bill, and any bill or joint resolution making supplemental, deficiency, or continuing appropriations through the end of a fiscal year.".

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 313 the following new item:

"Sec. 314. Deficit reduction lock-box account."

SEC. 3. TALLY DURING HOUSE CONSIDERATION.

There shall be available to Members in the House of Representatives during consideration of any appropriations bill by the House a running tally of the amendments adopted reflecting increases and decreases of budget authority in the bill as reported.

SEC. 4. DOWNWARD ADJUSTMENT OF 602(a) ALLOCATIONS AND SECTION 602(b) SUBALLOCATIONS.

(a) ALLOCATIONS.—Section 602(a) of the Congressional Budget Act of 1974 is amended by adding at the end the following new paragraph:

"(5) Upon the engrossment of Senate amendments to any appropriation bill (as defined in section 314(d)) for a fiscal year, the amounts allocated under paragraph (1) or (2) to the Committee on Appropriations of each House upon the adoption of the most recent concurrent resolution on the budget for that fiscal year shall be adjusted downward by the amounts credited to the applicable Joint House-Senate Lock-box Balance under section 314(c)(2), as calculated by the Director of the Congressional Budget Office, and the revised levels of budget authority and outlays shall be submitted to each House by the chairman of the Committee on the Budget of that House and shall be printed in the Congressional Record.".

(b) SUBALLOCATIONS.—Section 602(b)(1) of the Congressional Budget Act of 1974 is amended by adding at the end the following new sentence: "Whenever an adjustment is made under subsection (a)(5) to an allocation under that subsection, the Director of the Congressional Budget Office shall make downward adjustments in the most recent suballocations of new budget authority and outlays under subparagraph (A) to the appropriate subcommittees of that committee in the total amounts of those adjustments under section 314(c)(2). The revised suballocations shall be submitted to each House by the chairman of the Committee on Appropriations of that House and shall be printed in the Congressional Record.".

SEC. 5. PERIODIC REPORTING OF ACCOUNT STATEMENTS.

Section 308(b)(1) of the Congressional Budget Act of 1974 is amended by adding at the end the following new sentence: "Such reports shall also include an up-to-date tabulation of the amounts contained in the account and each subaccount established by section 314(a).".

SEC. 6. DOWNWARD ADJUSTMENT OF DISCRETIONARY SPENDING LIMITS.

The discretionary spending limit for new budget authority for any fiscal year set forth in section 601(a)(2) of the Congressional Budget Act of 1974, as adjusted in strict conformance with section 251 of the Balanced Budget and Emergency Deficit

Control Act of 1985, shall be reduced by the amount of the adjustment to the section 602(a) allocations made under section 602(a)(5) of the Congressional Budget Act of 1974, as calculated by the Director of the Office of Management and Budget. The adjusted discretionary spending limit for outlays for that fiscal year, as set forth in such section 601(a)(2), shall be reduced as a result of the reduction of such budget authority, as calculated by the Director of the Office of Management and Budget based upon programmatic and other assumptions set forth in the joint explanatory statement of managers accompanying the conference report on that bill. Reductions (if any) shall occur upon the enactment of all regular appropriation bills for a fiscal year or a resolution making continuing appropriations through the end of that fiscal year. This adjustment shall be reflected in reports under sections 254(g) and 254(h) of the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 7. EFFECTIVE DATE.

(a) IN GENERAL.—This Act shall apply to all appropriation bills making appropriations for fiscal year 1996 or any subsequent fiscal year.

(b) FY96 APPLICATION.—In the case of any appropriation bill for fiscal year 1996 engrossed by the House of Representatives after the date this bill was engrossed by the House of Representatives and before the date of enactment of this bill, the Director of the Congressional Budget Office, the Director of the Office of Management and Budget, and the Committees on Appropriations and the Committees on the Budget of the House of Representatives and of the Senate shall, within 10 calendar days after that date of enactment of this Act, carry out the duties required by this Act and amendments made by it that occur after the date this Act was engrossed by the House of Representatives.

(c) FY96 ALLOCATIONS.—The duties of the Director of the Congressional Budget Office and of the Committees on Budget and on Appropriations of the House of Representatives pursuant to this Act and the amendments made by it regarding appropriation bills for fiscal year 1996 shall be based upon the revised section 602(a) allocations in effect on the date this Act was engrossed by the House of Representatives.

(d) DEFINITION.—As used in this section, the term "appropriation bill" means any general or special appropriation bill, and any bill or joint resolution making supplemental, deficiency, or continuing appropriations through the end of a fiscal year.

Amend the title so as to read:

A bill to establish procedures to provide for a deficit reduction lock-box and related downward adjustment of discretionary spending limits.

PURPOSES OF LEGISLATION

H.R. 1162, the Deficit Reduction Lock-box Act of 1995, as proposed to be amended by the Committee establishes a procedure to ensure that savings from cuts in Appropriations measures during House and Senate consideration will be captured for deficit reduction. The legislation amends the Congressional Budget Act of 1974 to establish a deficit reduction Lock-box process and provides for the downward adjustment of the discretionary spending caps.

COMMITTEE CONSIDERATION

On July 11, 1995, the Rules Committee's Subcommittee on Legislative & Budget Process held a joint subcommittee hearing on Lock-Box proposals with the Government Reform and Oversight's Subcommittee on Government Management, Information and Technology.

Witnesses testifying in favor of establishing a Lock-Box process included Rep. Michael Crapo (R–ID), Rep. Bill Brewster (D–OK), Rep. Edward Royce (R–CA), Rep. Jane Harman (D–CA), Rep. Dick Zimmer and Rep. Mark Foley (R–FL). In addition, testimony was heard from OMB Director Alice Rivlin and CBO Deputy Director James Blum.

The Committee met on July 20, 1995 to mark-up H.R. 1162. The Committee ordered H.R. 1162 favorably reported with amendments

by a voice vote. During the mark-up, a Chairman's Mark was offered as an amendment in the nature of a substitute to be considered as original text for the purpose of amendment. Seven amendments to the Chairman's Mark, pertaining to the function of the lock-box mechanism, tally of floor amendments on appropriations bills, reduction of the discretionary spending caps, and technical corrections were offered en bloc and adopted by voice vote. An amendment pertaining to retroactive application was defeated by a record vote of 2–9. The amendment in the nature of a substitute, as amended, was agreed to by voice vote. The Committee then ordered the bill to be favorably reported to the House, with amendment, by voice vote.

BACKGROUND

Proposals to capture savings made during consideration of appropriations bills and credit them toward deficit reduction—commonly known as Lock-box proposals—have been offered repeatedly in recent years. The various proposals, although differing in their approach, all seek to ensure that reductions in spending achieved through the legislative process are used for deficit reduction, and that the spending "saved" is not allocated to other programs. The main tools proposed for achieving this goal are lowering allocations and suballocations of new budget authority and outlays made under the Budget Resolution (referred to in budget language as "602(a) allocations" and "602(b) suballocations") and lowering the discretionary spending limits (as established and adjusted periodically under the Budget Enforcement Act of 1990).

Many members have become increasingly concerned about this issue in recent years, when funds "cut" from appropriations bills through floor amendments were subsequently "spent" on other projects (particularly through the conference committee process), rather than being credited for deficit reduction. One high profile example of this came in 1993 during consideration of the FY 1994 VA-HUD Appropriations Act when funds cut from termination costs for the Advanced Solid Rocket Motor (ASRM) were channeled to the national aerospace plane and other programs.

A variety of Lock-box proposals were introduced in the 103rd Congress to address these issues, including H.R. 3145 (referred to as the "Make our Cuts Count" proposal), offered by Rep. Crapo; H.R. 5282, offered by Rep. Spratt (D–SC); H.R. 4057 (the "Deficit Reduction Lock-Box Act of 1994"), also offered by Rep. Schumer; and H.R. 4434 (the "Common Cents Budget Reform Act of 1994") offered by Rep. John Kasich (R–OH), Rep. Stenholm (D–TX), Rep. Tim Penny (D–MN) and others. Although similar legislation was also introduced during this period in the Senate, the 103rd Congress adjourned without taking action on the Lock-box issue.

Following enactment of the Omnibus Budget Reconciliation Act of 1993 (OBRA), President Clinton announced the creation, by Executive Order, of a Deficit Reduction Fund, to "lock in" savings resulting from that Act. The August 4, 1993, Executive Order 12858 was part of a pledge the President made during Senate consideration of OBRA 1993, that the Administration would guarantee that net savings resulting from the spending reductions and tax increases in that bill would be earmarked for deficit reduction. The

Deficit Reduction Fund, established in the Treasury, is to be credited with amounts equivalent to the net deficit reduction achieved from the Act. These amounts are not to be available for new spending or to finance measures that increase the deficit. Information about this Fund is now included in the President's budget.

In the 104th Congress, the issue of Lock-box has arisen in several contexts, beginning with House passage of H.R. 2, the Line Item Veto Act, which included Lock-box language to allow the President to propose reductions in the appropriate discretionary spending limits by some or all of the amounts of his proposed rescissions. The Senate version of the Line Item Veto, S. 4, required the President to reduce the discretionary spending limits by the amount the measure vetoed sought to spend. A conference on the Line Item Veto is still pending.

During initial House consideration of H.R. 1158, the Emergency Supplemental Disaster Assistance and Rescissions Act for FY 1995, the House adopted provisions to apply net savings in budget authority from the bill to a Deficit Reduction Trust Fund and to authorize the Secretary of the Treasury to use the amounts in the fund solely for the purpose of reducing the public debt.

As passed by the House, H.R. 1158 also required the Director of OMB to reduce discretionary spending limits by the aggregate amount of spending reductions in the bill, including the out-year effect of the rescissions. These provisions were modified in conference to reflect the Senate's position and the final conference report on H.R. 1158 included only an authorization for the Director of OMB to adjust downward the discretionary caps for fiscal years 1995–98. The Conference Report on H.R. 1158 was adopted by the House on May 18, 1995 and by the Senate on May 25, 1995. It was vetoed by the President on June 7, 1995.

On June 29, 1995, the House passed a compromise version of the Emergency Supplemental Disaster Assistance and Rescissions Act in the form of H.R. 1944, which included the identical Lock-Box language that was in the vetoed bill, H.R. 1158. The Senate passed this measure on July 21, 1995 and the bill now awaits action by the President.

During the FY 1996 appropriations cycle, a bi-partisan group, including Reps. Brewster (D–OK), Harman (D–CA), Foley (R–FL), Neumann (R–WI), Royce (R–CA) and Largent (R–OK) has attempted to attach various forms of Lock-box language to individual appropriations bills by seeking waivers from the Rules Committee. The Rules Committee has denied these requests, based on technical concerns about the proposed language and the Committee's interest in seeking broad consensus on a workable Lock-box mechanism. Efforts to allow consideration of these proposals during floor debate on various FY 1996 appropriations bills have been defeated through votes on the previous question on the House floor.

In addition to seeking to establish a Lock-Box procedure by statute that would cover the full appropriations process, several members have sought to implement the Lock-box concept for the House alone. These members have argued that the Senate may be slow to accept this deficit reduction idea, and so the House should take the lead. Their purpose has been to ensure that savings achieved

by the House are not syphoned off for other spending during the conference committee stage of consideration of appropriations bills.

On June 30, Rep. Royce (R–CA) introduced H. Res. 182 to amend the Rules of the House to require the Chairman of the Appropriations Committee to reduce section 602(b)(1) suballocations to reflect floor amendments to general appropriation bills. This measure, which reflects only a change in House Rules, would not have to be adopted by the Senate or signed by the President. A similar proposal to effectuate a Lock-box procedure through House Rules was introduced on July 17, 1995 by Rep. Brewster (D–OK) in the form of H. Res. 191.

H.R. 1162, a bi-partisan Lock-box proposal that provides the foundation for the legislation reported by the Committee, was introduced by Rep. Crapo (R–ID) on March 8, 1995. The Committee applauds Rep. Crapo for pioneering this concept, persevering to achieve bi-partisan cooperation, and ensuring that a workable final product is achieved. As introduced, H.R. 1162 sought to establish a Deficit Reduction Trust Fund and provide for the downward adjustment of discretionary spending limits in appropriation bills. This measure is identical to H.R. 4057, which Rep. Schumer filed in the latter half of the 103rd Congress.

On June 29, 1995, a bi-partisan group of 70 freshman members wrote to Speaker Gingrich requesting immediate floor consideration of H.R. 1162. In that letter, the freshmen, led by Rep. Foley (R–FL), wrote "[c]utting spending and eliminating the deficit requires fundamental change to our budget process without loopholes." H.R. 1162 currently has 56 bi-partisan co-sponsors. The freshman members have worked to keep the House focused on this issue, hosting and attending many meetings to iron out the details and ensure speedy passage of a measure that can work.

The Committee is committed to developing effective procedures to enforce fiscal discipline and assist the Congress in meeting its obligation to achieve a balanced federal budget by the year 2002 and for the years beyond. The Lock-box mechanism should be an important tool in this effort, by ensuring that decisions to cut spending for the purpose of deficit reduction made by a majority of the House and the Senate are enforced and cannot be circumvented. Not only is this important for fiscal accountability, but it is also important to the credibility of the Congress with the American people. The Committee strongly believes that our procedures should make it clear that a cut is really a cut. The Committee believes that H.R. 1162, as amended, meets this requirement.

PROCEDURES UNDER CURRENT LAW

The Congressional Budget Act of 1974 (as amended) provides for the allocation and suballocation of total spending amounts recommended in the Budget Resolution to the committees with jurisdiction over legislation providing such spending. All discretionary spending and some mandatory spending is allocated to, and suballocated by, the House and Senate Appropriations Committees.

Permanent requirements with respect to this process are set forth in Section 302 of the Act (temporary requirements are established by Section 602 of the Act). Section 302(a) requires that the spending allocations to committees be set forth in the joint explan-

atory statement accompanying the conference report on a budget resolution. Section 302(b) requires that each committee to which allocations were made subdivide its allocations among its subcommittees or programs and report them promptly to its House. The House and Senate Appropriations Committees must suballocate by subcommittee, not by program. The suballocations made by committees must not exceed the total allocation for that committee.

Section 302(e) provides that a committee may report an alteration of its suballocations to its House at any time, but the alteration must be consistent with any legislative actions already taken. Each year, the House and Senate Appropriations Committees usually revise the suballocations made under their allocations at lest several times.

Section 302(c) prohibits the consideration of a committee's spending legislation until it has made the required suballocations. Section 302(f) bars the consideration of any spending legislation that would exceed one or more of a committee's spending suballocations. The House applies this prohibition only to new discretionary budget authority and new entitlement authority, not to budget authority arising automatically under permanent law.

The Budget Enforcement Act (BEA) of 1990 added a new title VI to the Congressional Budget Act of 1974 which in part replaced the requirements under Section 302 on a temporary basis. The temporary procedures implemented by Title VI have been extended through FY 98.

The spending allocation and suballocation procedures in Section 602 generally follow those set forth in Section 302 with two major exceptions. First, under Section 602(a), the allocations made to committees of the House, including the Appropriations Committee, must be made for each of the five years covered by the Budget Resolution. Second, under Section 602(b), only the House and Senate Appropriations Committees must suballocate their spending allocations. In both the House and the Senate, the suballocations made by the Appropriations Committees are for the first year only. The BEA made the point of order in Section 302(f) against violating a spending suballocation applicable to the Section 602(b) suballocations.

Beginning with FY 1991, the allocations of new discretionary budget authority and outlays to the House and Senate Appropriations Committees have been consistent with the discretionary spending limits established by the BEA. In addition to constraining the spending allocations made under the Budget Resolution, the statutory discretionary spending limits are used in the sequestration process.

The Budget Resolution for FY 1996 (H. Con. Res. 67) established discretionary spending limits for FY 1999–2002 which conform to the goal of a balanced budget by FY 2002. These discretionary spending limits are to be used for the spending allocation and suballocation process under Sections 302 and 602 of the Congressional Budget Act and do not affect the statutory limits used for sequestration. The revised limits are well below both the current statutory limits and the President's proposed revision of those limits.

ANALYSIS OF LEGISLATION

H.R. 1162 as introduced would establish a Deficit Reduction Trust Fund in the Treasury for amounts contained in the deficit reduction Lock-box provision of any appropriation Act (including any general or special appropriation bill, and any bill or joint resolution making supplemental, deficiency or continuing appropriations). It would provide that each appropriation bill being marked-up by the Appropriations Committee of either House contain an account entitled "Deficit Reduction Lock-box," reflecting unused spending suballocations.

In addition, H.R. 1162 would provide for the downward adjustment of the discretionary spending limit for new budget authority set forth in section 601(a)(2) of the Congressional Budget Act, as adjusted in strict conformance with section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985, to be reduced by the amount of budget authority transferred to the Deficit Reduction Fund for that fiscal year. This amount is to be calculated by the Director of the Office of Management and Budget. The discretionary spending limit for outlays shall be reduced accordingly.

The Rules Committee amendment to H.R. 1162 makes certain important changes to this model, preserving flexibility for members and the Appropriations Committees while establishing effective enforcement to ensure that savings are credited toward deficit reduction through a Lock-box mechanism.

The Rules Committee amendment to H.R. 1162 amends Title III of the Congressional Budget Act of 1974 by adding at the end a new Section 314. This Section establishes, in the Congressional Budget Office (CBO) a "Deficit Reduction Lock-box Account," to be divided into subaccounts corresponding to each of the subcommittees of the Committees on Appropriations. Each subaccount shall consist of three entries: the "House Lock-box Balance"; the "Senate Lock-box Balance"; and the "Joint House-Senate Lock-box Balance". No negative entries into these subaccounts shall be made.

The amendments provides that the Director of the CBO shall credit to the applicable subaccount balance for each House amounts of new budget authority and outlays equal to the net amounts of reductions resulting from amendments agreed to by each House to that bill. This credit shall be made upon engrossment of any appropriation bill by the House and by the Senate.

In addition, the amendment provides that the Director of CBO shall credit to the applicable Joint-House Senate Lock-box Balance the amounts of new budget authority and outlays equal to one half the sum of the amounts in the House Lock-box Balance and the amounts in the Senate Lock-box Balance. The credit shall be made upon engrossment of any appropriation bill by the Senate. In other words, the amount of savings credited to the Joint House-Senate Lock-box Balance for any appropriation bill shall be an amount that splits the difference between savings agreed to through cutting amendments by the House and savings agreed to through cutting amendments by the Senate.

The amendment defines "appropriation bill" to include any general or special appropriations bill, and any bill or joint resolution

making supplemental, deficiency, or continuing appropriations through the end of a fiscal year.

To help ensure that members and the public are aware of actions taken through the amendment process on each appropriation bill in the House, the Rules Committee amendment provides that there shall be a running tally kept of the amendments adopted by the House reflecting increases and decreases of budget authority in the bill as reported by the Appropriations Committee. This provision is designed to inform members about the level of savings for the Lock-box accomplished by each amendment—and to ensure that people understand that amendments designed to add back money into a spending bill would be reducing the total savings that could be credited to the Deficit Reduction Lock-box.

To guarantee that savings credited to the Lock-box are truly "locked in" for deficit reduction, the amendment provides for the downward adjustment of the 602(a) allocations for the House and the Senate, upon engrossment of any amendments to any appropriation bill by the Senate. The 602(a) allocation will be reduced by the amount credited to the Joint House-Senate Lock-box for that bill, as calculated by the Director of CBO. The revised levels of budget authority and outlays shall be submitted to each House by the Chairman of the Committee on the Budget of that House and such revisions shall be printed in the Congressional Record. When this occurs, the Director of CBO shall make downward adjustments in the most recent suballocations (602(b)'s) to the appropriate subcommittees to reflect the new, lower 602(a) allocations. These revised suballocations shall be submitted to each House by the Chairman of the Committee on Appropriations for that House and shall be printed in the Congressional Record.

By reducing the 602(a) allocations before the House-Senate conference on any appropriation bill, this provision locks in savings for deficit reduction and ensures that conferees cannot spend money set aside for deficit reduction. This provision also attempts to ensure that savings cannot be syphoned off from one appropriations bill to be spent in another. The revisions in the 602(b) suballocations that follow from the revised 602(a) allocations are done in a formulaic manner to reflect mathematical consistency.

An amendment is made to Section 308(b)(1) of the Congressional Budget Act of 1974 to require that reports made under that Section include an up-to-date tabulation of the amounts contained in the Deficit Reduction Lock-box Account and each subaccount.

The amendment further provides for a downward adjustment in the discretionary spending limit for new budget authority set forth in section 601(a)(2) of the Budget Act, as adjusted in strict conformance with section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 by the amount of the adjustment to the 602(a) allocation. The discretionary spending limit for outlays shall be similarly adjusted. Both adjustments shall be based on calculations by the Director of the Office of Management and Budget (OMB) and they shall be reflected in reports under sections 254(g) and 254(h) of the Balanced Budget and Emergency Deficit Control Act of 1985.

Finally, the Rules Committee amendment provides generally that this Lock-box legislation shall apply to all appropriation bills for

FY 1996 that are engrossed in the House after the engrossment in the House of this Act or any appropriation bill in any subsequent year. The amendment further provides that the CBO, the OMB, the Committees on Appropriations and the Committees on the Budget of the House and the Senate shall, within 10 days after the enactment of this Lock-box legislation, fulfill the duties specified in this legislation for any appropriation bill engrossed by the House after the date that this legislation was engrossed by the House and before the date that this legislation is enacted into law. The effect of this provision is to calculate savings for FY96 appropriation bills, even though such bills may have moved through the process before the Lock-box was enacted into law.

In order to ensure that savings are captured from the earliest possible date, the amendment further provides that the requirements of this legislation pertaining to the CBO, and the Committees on Appropriations and on the Budget of the House shall be based on the 602(a) allocations in effect on the date that this legislation is engrossed by the House.

The clear intention of the Rules Committee amendment to H.R. 1162 is to ensure that a true "hammer" exists to force savings for deficit reduction as soon as possible within the appropriations cycle for the coming fiscal year, while recognizing that the FY 1996 appropriations cycle is already underway. The Committee recognizes that this legislation must be approved by the Senate and signed by the President, however, it has sought to lock in the starting point for calculating savings based upon House action on this legislation.

SECTION-BY-SECTION SUMMARY

Sec. 1. Short title

The short title of the Act is the "Deficit Reduction Lock-box Act of 1995."

Sec. 2. Deficit reduction lock-box account

Subsection (a) of the bill would add a new section 314 to Title III of the Congressional Budget Act of 1974, entitled, "Deficit Reduction Lock-Box Account." Section 314(a) would establish a "Deficit Reduction Lock-box Account" in the Congressional Budget Office. The Account would be divided into 13 subaccounts corresponding to the 13 subcommittees of the Committees on Appropriations. Each subaccount would consist of three entries: the "House Lock-box Balance," the "Senate Lock-box Balance," and the "Joint House-Senate Lock-box Balance."

Section 314(b) provides that each entry in a subaccount would consist only of amounts credited to it under subsection (c), but that no negative amount would be entered.

Section 314(c)(1) specifies the manner in which amounts are to be credited to the subaccount of each House. Each entry for the House and Senate would consist of amounts credited to it by the Director of the Congressional Budget Office upon the engrossment of any appropriations bill or resolution by the House and by the Senate. The amount to be credited to the balance of the House involved would equal the amounts reductions in budget authority and

outlays resulting from amendments agreed to by that House, as calculated by the Director.

Section 314(c)(2) specifies the manner in which amounts are to be credited to the Joint House-Senate Lock-box Balance. The joint balance would be the average of the House and Senate balances for that bill at the time the Senate bill is engrossed, as calculated by the Director.

Section 314(d) defines appropriations bill as any general or special appropriation bill, and any bill or joint resolution making supplemental, deficiency, or continuing appropriations through the end of a fiscal year.

Section 2(b) of the bill contains a conforming amendment to the table of contents of the Budget Act reflecting of addition of the new section 314 "Deficit Reduction Lock-box Account."

Sec. 3. Tally during House consideration

Section 3 of the bill requires that a running tally be made available to Members in the House during the consideration of any appropriations bill resulting from the adoption of amendments which increase or decrease budget authority in the bill as reported.

Sec. 4. Downward adjustment of 602(a) allocations and section 602(b) suballocation

Section 4 of the bill provides for the downward adjustments of the 602(a) allocations and section 602(b) suballocation.

Subsection (a), "Allocations," amends section 602(a) of the Budget Act by adding a new paragraph (5) providing that, upon the engrossment of any appropriation bill by the House or Senate, the amounts allocated to the Committee on Appropriations of each House under the most recent budget resolution would be adjusted downward by the amounts credited to the applicable Joint House-Senate Lock-box Balance under section 314(c)(2), as calculated by the Director, and the amounts of new budget authority and outlays would be submitted to each House by the Budget Committee of that House.

Subsection (b), "Suballocations," amends section 602(b)(1) of the Budget Act by adding at the end a new sentence providing that whenever an adjustment is made under subsection (a)(5) to an allocation, the Director would make downward adjustments in the most recent suballocations to the appropriate subcommittees of that House. The Chairman of the Committee on Appropriations of each House would submit the revised suballocations to that House by causing then to be printed in the Congressional Record.

Section 5. Periodic reporting of accounting statements

Section 308(b)(1) of the Budget Act would be amended to require the Director of CBO to include in the periodic score keeping reports an up-to-date tabulation of the amounts contained in the Deficit Reduction Lock-box Account and each subaccount established by section 314(a).

Section 6. Downward adjustment of discretionary spending limits

The Director of OMB would be required to adjust the statutory discretionary spending limits for new budget authority, as ad-

justed, by the amounts of reductions in the 602(a) allocations made under section 602(a)(5), as calculated by the Director of OMB. The amounts of the adjusted discretionary spending for outlays would be reduced for that fiscal year as a result of the reduction of budget authority, as calculated by the Director of OMB. The reductions would be made upon the enactment of all regular appropriations bills for a fiscal year or a resolution making continuing appropriations through the end of that fiscal year. The adjustments would be reflected in the reports required to be made by the OMB Director under sections 254(g) and 254(h) of the Balanced Budget and Emergency Deficit Control Act.

Sec. 7. Effective date

Subsection (a) provides that the bill would apply to fiscal 1996 appropriations bills and to appropriations bills in any subsequent fiscal year.

Subsection (b) provides that for fiscal year 1996, the provisions of the Act would apply to any appropriation bill passed by the House after the date on which the House passes this Act and before the date on which this Act is enacted into law. Within 10 calendar days after the date of enactment of this Act, the directors of CBO and OMB and the House and Senate Budget and Appropriations committees would carry out their duties under the Act retroactive to the date of House passage of this Act.

Subsection (c) provides that the duties of the Director of CBO and the House Budget and Appropriations Committees under the Act for fiscal 1996 would be based on the revise section 602(a) allocations in effect on the date the Act was passed by the House.

Subsection (d) defines "appropriation bill" for purposes of this section as any general or special appropriation bill or any bill or joint resolution making supplemental, deficiency, or continuing appropriations through the end of a fiscal year.

MATTERS REQUIRED UNDER THE RULES OF THE HOUSE COMMITTEE VOTE

Clause 2(l)(2)(B) of rule XI requires, with respect to each rollcall vote on a motion to report any measure or matter of a public charter, and on any amendment offered to the measure or matter, each committee report to include the total number of votes cast for and against, and the names of those members voting for and against.

RULES COMMITTEE ROLLCALL NO. 171

Date: July 20, 1995.

Measure: H.R. 1162, Deficit Reduction Lock-box Act.

Motion By: Mr. Frost.

Summary of Motion: Amend bill to make provisions retroactively applicable to appropriations bills already considered this year.

Results: Rejected, 2 to 9.

Vote By Member: Dreier—Nay; Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; McInnis—Nay; Waldholtz—Nay; Beilenson—Nay; Frost—Yea; Hall—Yea; Solomon—Nay.

COMMITTEE COST ESTIMATE

Clause 2(l)(3)(B) of rule XI requires each committee report that accompanies a measure providing new budget authority, new spending authority, or new credit authority or changing revenues or tax expenditures to contain a cost estimate, as required by section 308(a)(1) of the Congressional Budget Act of 1974, as amended, and, where practicable with respect to estimates of new budget authority, a comparison of the total estimated funding level for the relevant program (or programs) to the appropriate levels under current law.

Clause 7(a) of rule XIII requires committees to include their own cost estimates in certain committee reports, which include, when practicable, a comparison of the total estimated funding level for the relevant program (or programs) with the appropriate levels under current law.

H.R. 1162 would have no direct cost to the federal government.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

Clause 2(l)(3)(C) of rule XI requires each committee to include a cost estimate prepared by the Director of the Congressional Budget Office, pursuant to section 403 of the Congressional Budget Act of 1974, if the cost estimate is timely submitted. The following is the CBO cost estimate as required:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 25, 1995.

Hon. GERALD B.H. SOLOMON,
Chairman, Committee on Rules,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 1162, the Deficit Reduction Lock-box Act of 1995, as ordered reported by the House Committee on Rules on July 20, 1995. This estimate reflects technical changes to the legislation reported by the Committee that were not reflected in CBO's letter of July 24.

H.R. 1162 would create a Deficit Reduction Lock-box Account to keep track of reductions in spending provided by appropriation bills. The account would have subaccounts for each appropriations subcommittee. Each subaccount would have three entries—one for the House, one for the Senate, and one joint House-Senate entry. When an appropriation bill passed the House, the House lock-box subaccount for the subcommittee with jurisdiction over that bill would be credited with the net reduction in spending resulting from all amendments to that bill adopted by the House. When that bill is subsequently passed by the Senate, the Senate lock-box subaccount is credited with the net reduction in spending resulting from the amendments to the House-passed bill adopted by the Senate. At the same time, the joint subaccount would be credited with one-half of the sum of the amounts in the House subaccount and the Senate subaccount. Also at that time, the relevant House and Senate allocations of discretionary spending under section 602(a) and 602(b) of the Congressional Budget Act would be reduced by

the amount that is credited to the joint House-Senate lock-box account. No further adjustment to the lock-box subaccounts or the allocations would be made to reflect decisions made in the conference on that appropriation bill or during consideration of the conference report.

The legislation also provides a mechanism intended to reduce the statutory limits on discretionary spending for a fiscal year by the total amounts in all of the joint House-Senate lock-box subaccounts for that year. This mechanism, however, may run afoul of constitutional requirements for enactment of a law. The Director of the Office of Management and Budget would be required to reduce the existing statutory caps by amounts determined by amendments adopted by the House and amendments adopted by the Senate. Since there is no requirement that the two Houses agree on the amount of the cap reductions, or that a provision of a bill that would determine the amount of the reduction be presented to the President for signature or veto, the adjustment procedure included in H.R. 1162 might fall short of the constitutional requirements for legislative action.

The bill would apply to all appropriation bills other than temporary continuing resolutions and would be retroactive to include appropriation bills engrossed after engrossment of the H.R. 1162. The bill would affect only allocations of spending and discretionary caps for the fiscal year covered by an appropriation bill.

The bill would not directly affect discretionary spending. Any savings that might result from enactment of this bill would depend on future action on amendments to appropriation bills. The bill would not affect direct spending or receipts, so there would be no pay-as-you-go scoring under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact on this is Michael Simpson.

Sincerely,

JUNE E. O'NEILL,
Director.

INFLATION IMPACT STATEMENT

Clause 2(1)(4) of rule XI requires each committee report on a bill or joint resolution of a public character to include an analytical statement describing what impact enactment of the measure would have on prices and costs in the operation of the national economy. The Committee determines that H.R. 1162 has no inflationary impact on the nation's economy.

OVERSIGHT FINDINGS

Clause 2(1)(3)(A) of rule XI requires each committee report to contain oversight findings and recommendations required pursuant to clause 2(b)(1) of rule X. Clause 2(b)(1) of rule X calls on each standing committee, other than the Committee on Appropriations and Budget, to review and study the effectiveness of laws and other matters within its jurisdiction.

The Committee makes no oversight findings or recommendations.

OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

Clause 2(1)(3)(D) of rule XI requires each committee report to contain a summary of the oversight findings and recommendations made by the Government Reform and Oversight Committee pursuant to clause 4(c)(2) of rule X, whenever such findings have been timely submitted.

The Committee has received no such findings or recommendations.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

* * * * * * *

SHORT TITLES: TABLE OF CONTENTS

SECTION 1. (a) SHORT TITLES.—This Act may be cited as the "Congressional Budget and Impoundment Control Act of 1974". Titles I through IX may be cited as the "Congressional Budget Act of 1974" and title X may be cited as the "Impoundment Control Act of 1974".

(b) TABLE OF CONTENTS.—

Sec. 1. Short titles; table of contents.
Sec. 2. Declaration of purposes.
Sec. 3. Definitions.

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TITLE III—CONGRESSIONAL BUDGET PROCESS

Sec. 300. Timetable.
Sec. 301. Annual adoption of concurrent resolution on the budget.
Sec. 302. Committee allocations.

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Sec. 314. Deficit reduction lock-box account.

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TITLE III—CONGRESSIONAL BUDGET PROCESS

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REPORTS, SUMMARIES, AND PROJECTIONS OF CONGRESSIONAL BUDGET ACTIONS

SEC. 308. (a) * * *

(b) UP-TO-DATE TABULATIONS OF CONGRESSIONAL BUDGET ACTION.—

(1) The Director of the Congressional Budget Office shall issue to the committees of the House of Representatives and the Senate reports on at least a monthly basis detailing and

tabulating the progress of congressional action on bills and resolutions providing new budget authority, new spending authority described in section 401(c)(2), or new credit authority, or providing an increase or decrease in revenues or tax expenditures for each fiscal year covered by a concurrent resolution on the budget. Such reports shall include but are not limited to an up-to-date tabulation comparing the appropriate aggregate and functional levels (including outlays) included in the most recently adopted concurrent resolution on the budget with the levels provided in bills and resolutions reported by committees or adopted by either House or by the Congress, and with the levels provided by law for the fiscal year preceding the first fiscal year covered by the appropriate concurrent resolution. *Such reports shall also include an up-to-date tabulation of the amounts contained in the account and each subaccount established by section 314(a).*

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DEFICIT REDUCTION LOCK-BOX ACCOUNT

SEC. 314. (a) ESTABLISHMENT OF ACCOUNT.—There is established in the Congressional Budget Office an account to be known as the "Deficit Reduction Lock-box Account". The Account shall be divided into subaccounts corresponding to the subcommittees of the Committees on Appropriations. Each subaccount shall consist of three entries: the "House Lock-box Balance"; the "Senate Lock-box Balance"; and the "Joint House-Senate Lock-box Balance".

(b) CONTENTS OF ACCOUNT.—Each entry in a subaccount shall consist only of amounts credited to it under subsection (c). No entry of a negative amount shall be made.

(c) CREDIT OF AMOUNTS TO ACCOUNT.—(1) The Director of the Congressional Budget Office (hereinafter in this section referred to as the "Director") shall, upon the engrossment of any appropriation bill by the House of Representatives and upon the engrossment of that bill by the Senate, credit to the applicable subaccount balance of that House amounts of new budget authority and outlays equal to the net amounts of reductions in new budget authority and in outlays resulting from amendments agreed to by that House to that bill.

(2) The Director shall, upon the engrossment of Senate amendments to any appropriation bill, credit to the applicable Joint House-Senate Lock-box Balance the amounts of new budget authority and outlays equal to—

(A) an amount equal to one-half of the sum of (i) the amount of new budget authority in the House Lock-box Balance plus (ii) the amount of new budget authority in the Senate Lock-box Balance for that bill; and

(B) an amount equal to one-half of the sum of (i) the amount of outlays in the House Lock-box Balance plus (ii) the amount of outlays in the Senate Lock-box Balance for that bill,

under section 314(c), as calculated by the Director of the Congressional Budget Office.

(d) DEFINITION.—As used in this section, the term "appropriation bill" means any general or special appropriation bill, and any bill

or joint resolution making supplemental, deficiency, or continuing appropriations through the end of a fiscal year.

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TITLE VI—BUDGET AGREEMENT ENFORCEMENT PROVISIONS

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SEC. 602. COMMITTEE ALLOCATIONS AND ENFORCEMENT.

(a) COMMITTEE SPENDING ALLOCATIONS.—

(1) * * *

* * * * * * *

(5) Upon the engrossment of Senate amendments to any appropriation bill (as defined in section 314(d)) for a fiscal year, the amounts allocated under paragraph (1) or (2) to the Committee on Appropriations of each House upon the adoption of the most recent concurrent resolution on the budget for that fiscal year shall be adjusted downward by the amounts credited to the applicable Joint House-Senate Lock-box Balance under section 314(c)(2), as calculated by the Director of the Congressional Budget Office, and the revised levels of budget authority and outlays shall be submitted to each House by the chairman of the Committee on the Budget of that House and shall be printed in the Congressional Record.

(b) SUBALLOCATIONS BY COMMITTEES.—

(1) SUBALLOCATIONS BY APPROPRIATIONS COMMITTEES.—As soon as practicable after a budget resolution is agreed to, the Committee on Appropriations of each House (after consulting with the Committee on Appropriations of the other House) shall suballocate each amount allocated to it for the budget year under subsection (a)(1)(A) or (a)(2) among its subcommittees. Each Committee on Appropriations shall promptly report to its House suballocations made or revised under this paragraph. *Whenever an adjustment is made under subsection (a)(5) to an allocation under that subsection, the Director of the Congressional Budget Office shall make downward adjustments in the most recent suballocations of new budget authority and outlays under subparagraph (A) to the appropriate subcommittees of that committee in the total amounts of those adjustments under section 314(c)(2). The revised suballocations shall be submitted to each House by the chairman of the Committee on Appropriations of that House and shall be printed in the Congressional Record.*

* * * * * * *

COMPARATIVE PRINT

Clause 4(d) of rule XI requires that, whenever the Committee on Rules reports a resolution amending or repealing the Rules of the House of Representatives, the accompanying report must contain a comparative print showing the changes in existing rules proposed to be made by the resolution.

This bill makes no direct change in any rule of the House.

VIEWS OF COMMITTEE MEMBERS

Clause 2(l)(5) or rule XI requires each committee, except the Committee on Rules, to afford a three-day opportunity for members of the committee to file additional, minority or dissenting views and to include the views in its report. Although the requirement does not apply to the Rules Committee, the Committee always makes the maximum effort to provide its members with an opportunity to submit their views.

The following views were submitted:

ADDITIONAL VIEWS

The "lockbox" initiative has been propelled into the public consciousness through tireless efforts of Members on both sides of the aisle who are committed to deficit reduction and seek a way to ensure that money saved by cutting amendments is credited to the deficit, not spent on other programs. We would like to commend Representatives Bill Brewster and Jane Harman, who have been most responsible for keeping this issue before the House membership. It is because of their efforts that this legislation was considered and reported by the Rules Committee.

Initially, the "lockbox" was introduced to the public as an Executive Order (#12858) signed by President Clinton on August 4, 1993, in conjunction with the Omnibus Budget Reconciliation Act of 1993. The first "lockbox" bill was introduced in September, 1993, by Representatives Schumer, Brewster, Edwards, and Harman (H.R. 3205), along with 40 other cosponsors. Another version of the bill (H.R. 3145), introduced by Representative Crapo, was similar to the Schumer bill except that savings captured in the outyears were included in the lockbox. The two forces joined in 1994 behind a new bill (H.R. 4057) and secured a total of 154 bipartisan cosponsors. The bill was filed in March of 1994 by Representatives Schumer, Crapo, Brewster, Inglis, Edwards (TX), Morella, Harman, and Hastert. Later that month, Representatives Stenholm, Penny and Kasich introduced the "Common Sense Amendments" (H.R. 4434), which contained the "lockbox" concept. The legislation gained 42 cosponsors.

The 104th Congress began with yet another bipartisan "lockbox" bill (H.R. 1162) introduced by Representatives Crapo, Harman, Hastert, Schumer, Morella, Brewster, Shays, Inglis, Stenholm, and Kasich. The bill currently has 56 cosponsors. The language, similar to H.R. 4057 from the 103rd Congress, contains provisions which would reduce discretionary spending limits including the outyear effects. Representatives Brewster, Minge, and Browder later introduced a "lockbox" amendment to H.R. 1158, the Emergency Supplemental/Rescissions bill for FY 1995. That amendment, which also included outlay and budget authority savings for the outyears, passed the House by a margin of 418–5. As scored by CBO, it would have saved over $60 billion in federal spending. However, the Brewster-Minge-Browder amendment subsequently was replaced by Senate language eliminating the outyear savings requirement after FY 1998.

As the general appropriations process began for FY 1996, Representatives Brewster and Harman have offered the "lockbox" amendments to each appropriations bill. Each time, the Members have come before the Rules Committee and requested the waivers needed to consider the "lockbox" amendment on the Floor, and each time they have been denied protection under the rule. We share

their frustration, and sought amendments both in this Committee and on the Floor to allow this issue to be considered by the full House. We take this opportunity to detail the substantial legislative history to emphasize that this effort to strengthen deficit reduction is longstanding and serious. It is not going to simply go away.

For this reason, we commend the Committee for reporting a bill which goes a long way toward realizing a meaningful "lockbox" process. The majority members of the committee worked with the respective parties in good faith to try to devise a consensus bill. They have accepted a number of the amendments we offered to improve the original draft language. For example, the draft created a conference report "lockbox" within CBO, but did not require that it have any relationship to the amount of the House "lockbox" or the Senate "lockbox." The House and Senate "lockboxes"" were merely accounting lists that had no impact on the deficit. Conferees were free to allocate all the savings adopted by either House to other spending rather than to deficit reduction. Our amendment would require that the conference report include an amount in the "lockbox" between the House and Senate levels, but not beyond the scope of these bills. The committee substitute includes a provision which will lower the amount available to the conferees by the average of the savings adopted by the House and the Senate before the conference begins. This "net savings" is a fixed number, however, and may not be increased by the conferees.

We are also pleased that the majority members accepted our amendment to strike language setting out specific treatment for emergency appropriations from the bill. This language highlighted a way in which anyone could raid the "lockbox" and spend all the savings just by calling it an emergency.

The majority also eliminated language in the bill which would have closed debate on a privileged measure revising the 602(b) suballocations to a single amendment offered by the Budget Committee chairman, and would have prohibited minority rights on a motion to recommit. We proposed amendments to open up any House consideration of 602(b) suballocations and to preserve the rights of the minority to be heard. Although the motion to recommit is not require on resolutions, it is the minimum guarantee of minority rights. Because the bill structures debate on spending priorities between the chairmen of the Appropriations and the Budget Committees, we thought there ought to be an opportunity for minority members to be heard as well. If the House is going to be asked to approve the revisions, then we should have an open process to fully debate new spending decisions. The committee substitute strikes the section calling for House consideration of 602(b) revisions, therefore eliminating the need for these amendments.

While we support the Committee in making these adjustments to the bill, we also want to express our disappointment that the committee substitute does not include several important improvements to the bill. One central theme in most of the "lockbox" measures has been the inclusion of language capturing savings in the outyears. The committee substitute waters down enforcement provisions in H.R. 1162 by eliminating language which would have reduced the statutory caps—thereby locking savings into deficit re-

duction—in the outyears. The bill, as reported, will reduce the statutory caps for budget authority and outlays only in the first year.

This may seem to be a technical issue; however, it will result in a significant difference in the amount of deficit reduction ultimately realized from cuts in appropriations bills due to the way in which budget authority translates into outlays. OMB estimates that 23 percent of the budget authority appropriated for all discretionary accounts in 1996 will not translate into outlays until fiscal year 1997 or later. As an example, CBO estimates that eliminating funding for Highway Demonstration projects would cut budget authority by $1.25 billion in 1996 but would only reduce outlays by $96 million in that fiscal year. Under the substitute adopted by the Committee, actual spending would be reduced far less than the amount placed in the "lockbox". The practical effect on the appropriations process will not be to reduce the amount appropriated, but to change the mix of appropriations in favor of items with slower spend out rates. If the statutory caps were reduced for the first fiscal year, the Appropriations Committee would simply need to shift the mix of programs funded so that it appropriates money for programs that had lower first year outlays than the programs that Congress voted to cut in order to avoid breaching the reduced outlay caps for the first year. The appropriations committee would be able to use up the outyear savings by reallocating funds to programs with a slower spend out rate that will result in outlays in the second year or later. Our amendment specified that reductions in the discretionary spending limits on outlays would include the outyear impact. It would ensure that savings which do not occur until future years would go to deficit reduction. The substitute adopted by the committee will allow those savings to slip through the "lockbox" and go back into the available pool for spending.

Another central element of the various "lockbox" initiatives has been creation of a separate "lockbox" account which would be increased whenever an amendment is adopted which cuts spending. The committee substitute takes a fundamentally different approach to "locking in" savings through congressional procedures and special scorekeeping responsibilities by the Congressional Budget Office. The committee adopted an amendment to strengthen this process by requiring OMB to reduce the discretionary caps for the first fiscal year. However, we continue to believe that our amendment creating a separate "lockbox" account is an important and valuable component of the bill.

Finally, the substitute adopted by the committee would not apply the provisions of the bill retroactively to capture all the savings we have voted for in appropriations bills this fiscal year. The substitute would apply only to bills passed by the House *after* the House completes work on the "lockbox" bill. At most, we will be able to capture savings from only three of thirteen appropriations bills if the bill is considered by the House the end of this week. Unless a "lockbox" bill is scheduled for Floor consideration prior to the August district work period, it is unlikely that any savings will be realized this year. We offered an amendment in committee to make the deficit reduction in the chairman's mark apply to the full year savings, but it was rejected by a vote of 9–2.

We congratulate the Committee for holding a mark-up on this bill. One of the major purposes of a mark-up is to ensure that those with expertise can identify important issues and understand just how a bill will work. It would be fruitless if this effort—which clearly identifies two or three main issues for further deliberation—were considered in any way that denied the Members the opportunity to offer amendments. We hope that the rule for H.R. 1162 will allow consideration of Floor amendments on at least the following matters: (1) retroactivity to capture all the savings in appropriations bills this fiscal year (2) reductions in the statutory caps in the outyears and (3) creation of a separate "lockbox" account which would be increased upon adoption of cutting amendments. Many of us are frustrated when we make tough choices on the Floor for additional spending cuts, only to find that the savings does not go to deficit reduction but gets swallowed up for another program or project which may be less worthy. We believe that budget process reform needs to occur in a way that is workable and meaningful. The committee substitute makes progress toward this end; but several proposed improvements deserve to be considered as the House works its will on this important measure. We urge prompt action on the bill and an open amendment process for its consideration.

MARTIN FROST.
TONY P. HALL.

DISSENTING VIEWS

I commend the majority for developing a deficit-reduction lockbox proposal that improves upon H.R. 1162 as introduced by making it less cumbersome and more practicable. The chairman, Mr. Solomon, and Mr. Goss, in particular, deserve a great deal of credit for the work they have done to produce a measure that satisfies the concerns of both the lockbox proponents and the members of the Appropriations Committee, who will have to operate under a far more complex system for determining how much funding they have to work with.

But the fact that general agreement has been reached on the details of the lockbox procedure does not change a fundamental problem with the measure: that it is a tool to force deeper cuts in the one part of the budget that is already being cut severely.

On the face of it, the lockbox proposal is an appealing idea. It would, its supporters claim, allow us to ensure that the savings produced by spending-cut amendments to appropriations bills are used to reduce the deficit, not to increase spending for other purposes.

However, the only way to show that such savings are being used to reduce the deficit is to reduce the amount available to the Appropriations Committee by the amount saved by the spending-cut amendments. Thus, at its heart, what the lockbox proposal is all about is reducing discretionary spending beyond the limit set in the budget resolution.

This year's budget resolution sets spending caps for the next seven years at levels that will force Congress to cut domestic discretionary spending by $473 billion over that period, or by one third, in real terms, over this year's level. For those of us who value the federal government's contribution to education and job training, transportation, housing, science and health research, environmental protection, national parks, crime control, and many of the other programs that comprise the discretionary spending category, it make little sense to endorse a procedure that will likely lead to further cuts—or fewer opportunities to restore funds—to these programs.

The fortunate part, from our perspective, is that the harm is not likely to be too great. Most House votes to cut appropriations bills further have involved relatively small sums and, because House savings from spending-cut amendments will be averaged with Senate savings, it is likely that the ultimate amount by which discretionary spending will be lowered will be relatively minor.

Even Members who do wish to cut discretionary spending further, however, cannot dispute the fact that we already have an extremely effective process in place for controlled this type of spending. Under our existing process, Congress approves a total amount of spending for discretionary spending, and then enforces that

amount by subjecting individual spending measures to Budget Act points of order (in effect since 1974) and to the threat of across-the-board cuts, or sequestration (in effect since 1990).

These controls have enabled Congress to restrain the growth of discretionary spending to such an extent that its share of GDP has declined from 10.5% in 1980 to 8.2% in 1994. If Congress complies with the current discretionary spending caps, such spending will decline to just 6.8% in 1998. Domestic discretionary spending will have declined from 5.1% of GDP in 1980, to 3.7% in 1994, to 3.1% in 1998.

The lockbox procedure follows several other procedures Congress has considered in recent years—such as expedited rescission, line-item veto, separation of emergency and nonemergency appropriations—to apply further controls to discretionary spending. All of them are aimed at the wrong target. If our budget process is inadequate in any way, it is that it provides comparatively little control for the mandatory spending—entitlement programs—that is driving the growth of the federal budget.

In contrast to the decline in discretionary spending that has been occurring, and will continue to occur, mandatory spending has grown from 9.3% of GDP in 1980 to 10.7% in 1994, and will equal 12.6% of GDP in 1998.

If the plan to balance the budget by 2002 is to succeed, Congress must change its focus with respect to budget process matters. Rather than devoting our time and effort to devising ways to apply more controls to the part of the budget that is already under the strictest control, we must devotes that same kind of effort to addressing other parts of the budget that are under less effective control. That includes not only entitlement programs, but also tax expenditures which, like entitlement programs, are not reauthorized on an annual basis.

Popular as the lockbox proposal is, the House should consider carefully whether we really want a complicated new budget procedure that focuses our deficit-reduction efforts on an area of the budget that is already contributing more than its fair share to the cause.

ANTHONY C. BEILENSON.

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