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104TH CONGRESS, 1st Session | HOUSE OF REPRESENTATIVES | REPT. 104–89 Part 1

# DISCRETIONARY SPENDING REDUCTION AND CONTROL ACT OF 1995

MARCH 23, 1995.—Ordered to be printed

Mr. KASICH, from the Committee on the Budget, submitted the following

## REPORT

together with

## MINORITY, DISSENTING AND ADDITIONAL VIEWS

[To accompany H.R. 1219]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Budget, to whom was referred the bill (H.R. 1219) to amend the Congressional Budget Act of 1974 and the Balanced Budget and Emergency Deficit Control Act of 1985 to extend and reduce the discretionary spending limits, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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99–006

The amendment is 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 "Discretionary Spending Reduction and Control Act of 1995".

**SEC. 2. DISCRETIONARY SPENDING LIMITS.**

(a) LIMITS.—Section 601(a)(2) of the Congressional Budget Act of 1974 is amended by striking subparagraphs (A), (B), (C), (D), and (F), by redesignating subparagraph (E) as subparagraph (A) and by striking "and" at the end of that subparagraph, and by inserting after subparagraph (A) the following new subparagraphs:

"(B) with respect to fiscal year 1996, for the discretionary category: $502,994,000,000 in new budget authority and $537,946,000,000 in outlays;

"(C) with respect to fiscal year 1997, for the discretionary category: $497,816,000,000 in new budget authority and $531,793,000,000 in outlays;

"(D) with respect to fiscal year 1998, for the discretionary category: $489,046,000,000 in new budget authority and $523,703,000,000 in outlays;

"(E) with respect to fiscal year 1999, for the discretionary category: $491,586,000,000 in new budget authority and $522,063,000,000 in outlays; and

"(F) with respect to fiscal year 2000, for the discretionary category: $492,282,000,000 in new budget authority and $521,690,000,000 in outlays;".

(b) COMMITTEE ALLOCATIONS AND ENFORCEMENT.—Section 602 of the Congressional Budget Act of 1974 is amended—

(1) in subsection (c), by striking "1995" and inserting "2000" and by striking its last sentence; and

(2) in subsection (d), by striking "1992 TO 1995" in the side heading and inserting "1995 TO 2000" and by striking "1992 through 1995" and inserting "1995 through 2000".

(c) FIVE-YEAR BUDGET RESOLUTIONS.—Section 606 of the Congressional Budget Act of 1974 is amended—

(1) in subsection (a), by striking "1992, 1993, 1994, or 1995" and inserting "1995, 1996, 1997, 1998, 1999, or 2000"; and

(2) in subsection (d)(1), by striking "1992, 1993, 1994, and 1995" and inserting "1995, 1996, 1997, 1998, 1999, and 2000", and by striking "(i) and (ii)".

(d) EFFECTIVE DATE.—Section 607 of the Congressional Budget Act of 1974 is amended by striking "1991 to 1998" and inserting "1995 to 2000".

(e) SEQUESTRATION REGARDING CRIME TRUST FUND.—(1) Section 251A(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking subparagraphs (B), (C), and (D) and its last sentence and inserting the following:

"(B) For fiscal year 1996, $1,827,000,000.

"(C) For fiscal year 1997, $3,082,000,000.

"(D) For fiscal year 1998, $3,840,000,000.

"(E) For fiscal year 1999, $4,415,000,000.

"(F) For fiscal year 2000, $4,874,000,000.

"The appropriate levels of new budget authority are as follows: for fiscal year 1996, $3,357,000,000; for fiscal year 1997, $3,915,000,000; for fiscal year 1998, $4,306,000,000; for fiscal year 1999, $5,089,000,000; and for fiscal year 2000, $5,089,000,000.".

(2) The last two sentences of section 310002 of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14212) are repealed.

**SEC. 3. GENERAL STATEMENT AND DEFINITIONS.**

(a) GENERAL STATEMENT.—Section 250(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking the first sentence and inserting the following: "This part provides for the enforcement of deficit reduction through discretionary spending limits and pay-as-you-go requirements for fiscal years 1995 through 2000.".

(b) DEFINITIONS.—Section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking paragraph (4) and inserting the following:

"(4) The term 'category' means all discretionary appropriations.";

(2) by striking paragraph (6) and inserting the following:

"(6) The term 'budgetary resources' means new budget authority, unobligated balances, direct spending authority, and obligation limitations.";

(3) in paragraph (9), by striking "1992" and inserting "1995";

(4) in paragraph (14), by striking "1995" and inserting "2000"; and

(5) by striking paragraph (17) and by redesignating paragraphs (18) through (21) as paragraphs (17) through (20), respectively.

**SEC. 4. ENFORCING DISCRETIONARY SPENDING LIMITS.**

Section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in the side heading of subsection (a), by striking "1991–1998" and inserting "1995–2000";

(2) in the first sentence of subsection (b)(1), by striking "1992, 1993, 1994, 1995, 1996, 1997 or 1998" and inserting "1995, 1996, 1997, 1998, 1999, or 2000" and by striking "through 1998" and inserting "through 2000";

(3) in subsection (b)(1), by striking subparagraphs (B) and (C) and by striking "the following:" and all that follows through "The adjustments" and inserting "the following: the adjustments";

(4) in subsection (b)(2), by striking "1991, 1992, 1993, 1994, 1995, 1996, 1997, or 1998" and inserting "1995, 1996, 1997, 1998, 1999, or 2000" and by striking "through 1998" and inserting "through 2000";

(5) by striking subparagraphs (A), (B), and (C) of subsection (b)(2);

(6) in subsection (b)(2)(E), by striking clauses (i), (ii), and (iii) and by striking "(iv) if, for fiscal years 1994, 1995, 1996, 1997, and 1998" and inserting "If, for fiscal years 1995, 1996, 1997, 1998, 1999, and 2000"; and

(7) in subsection (b)(2)(F), strike everything after "the adjustment in outlays" and insert "for a category for a fiscal year shall not exceed 0.5 percent of the adjusted discretionary spending limit on outlays for that fiscal year in fiscal year 1996, 1997, 1998, 1999, or 2000.".

**SEC. 5. ENFORCING PAY-AS-YOU-GO.**

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in the side heading of subsection (a), by striking "1992–1998" and inserting "1995–2000";

(2) in subsection (d), by striking "1998" each place it appears and inserting "2000"; and

(3) in subsection (e), by striking "1991 through 1998" and inserting "1995 through 2000" and by striking "through 1995" and inserting "through 2000".

**SEC. 6. REPORTS AND ORDERS.**

Section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in subsection (d)(2), by striking "1998" and inserting "2000"; and

(2) in subsection (g), by striking "1998" each place it appears and inserting "2000".

**SEC. 7. TECHNICAL CORRECTION.**

Section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985, entitled "Modification of Presidential Order", is repealed.

**SEC. 8. EFFECTIVE DATE.**

(a) EXPIRATION.—Section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking "1995" and inserting "2000".

(b) EXPIRATION.—Section 14002(c)(3) of the Omnibus Budget Reconciliation Act of 1993 (2 U.S.C. 900 note; 2 U.S.C. 665 note) is repealed.

**SEC. 9. SPECIAL RULE ON INTERRELATIONSHIP BETWEEN CHANGES IN DISCRETIONARY SPENDING LIMITS AND PAY-AS-YOU-GO REQUIREMENTS.**

(a)(1) Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end the following new subsection:

"(f) SPECIAL RULE ON INTERRELATIONSHIP BETWEEN SECTIONS 251 AND 252.—(1) Whenever a reconciliation Act decreases the discretionary spending limits for outlays and provides that that decrease shall be used to offset all or part of an increase in direct spending or decrease in receipts (or both) in that Act and reduces the discretionary spending limits for budget authority by an amount equal to or greater than the amount that budget authority would be as calculated using the composite spendout rate, then the reduction in receipts or increase in outlays for direct spending (that is so offset) shall not be reflected in estimates under subsection (d).

"(2) As used in this subsection:

"(A) The term 'composite spendout rate' means a computational relationship between outlays and new budget authority as follows: 60 percent for the first

year, 22 percent for the second year, 12 percent for the third year, 4 percent for the fourth year, and 1 percent for the fifth year.

"(B) The term 'reconciliation Act' refers to a reconciliation bill (as used in section 310 of the Congressional Budget Act of 1974) after it is enacted into law.".

(2) Section 310(a) of the Congressional Budget Act of 1974 is amended by striking "or" at the end of paragraph (3), by redesignating paragraph (4) as paragraph (5) and by striking "and (3)" in such redesignated paragraph (5) and inserting "(3), and (4)", and by inserting after paragraph (3) the following new paragraph:

"(4) carry out section 252(f) of the Balanced Budget and Emergency Deficit Control Act of 1985; or".

(b) To the extent that a deficit increase in any fiscal year through 2000 caused by changes in direct spending and receipts resulting from this Act, the Personal Responsibility Act of 1995, or the Contract With America Tax Relief Act of 1995 is offset by reductions in the limit on discretionary outlays as provided by section 2 over the 5 fiscal year period beginning with fiscal year 1996, such changes in direct spending and receipts shall not be reflected in estimates under section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985. For purposes of this subsection, reductions in the limit on discretionary outlays for fiscal years 1999 and 2000 shall be measured as reductions from the discretionary spending limit for outlays for fiscal year 1998 as in effect immediately before the enactment of this Act.

(c) In the OMB final sequestration report for fiscal year 1996—

(1) all adjustments required by section 251(b)(2) made after the preview report for fiscal year 1996 shall be made to the discretionary spending limits set forth in 601(a)(2) of the Congressional Budget Act of 1974 as amended by section 2; and

(2) all statutory changes in the discretionary spending limits made by the Personal Responsibility Act of 1995 or by the Act entitled "An Act making emergency supplemental appropriations for additional disaster assistance and making rescissions for the fiscal year ending September 30, 1995, and for other purposes" shall be made to those limits.

## PURPOSE

This legislation is designed to achieve $100 billion in discretionary outlay reductions from FY 1996 through FY 2000. To that end, the legislation lowers and extends the caps on total discretionary spending for the five-year period.

The legislation also revises current enforcement procedures so that the reduction of the discretionary spending caps may be scored as Pay-As-You-Go savings. The Committee's intent is that these savings should be applied as offsets to any revenue loss resulting from the tax cuts pledged in the House Republicans' Contract with America.

## BACKGROUND AND NEED

Why these tax cuts, and why now?

The cornerstone of the Contract with America is the $500-per-child family tax credit. The beneficaries of this credit will be, by an overwhelming margin, working families. Seventy-four percent of the beneficiaries will be families with incomes below $75,000 a year; eighty-nine percent will be families making less than $100,000 a year (see Figure 1 below). The credit will reduce, by 10 percent, the tax burden of a family of four with a $40,000-a-year income.

Two historical facts support the value of this relief. In 1984, the average American family with children paid 3 percent of its income to the Federal Government in income and payroll taxes. Today, such a family's federal tax burden is 24.5 percent of its income.

Second, recent census data show that since 1989—the peak of the economic expansion that occurred under President Reagan—the

typical American household has lost $2,344 in income, a decline of 7 percent.

Clearly, the family tax credit is a helpful way to begin correcting these trends.

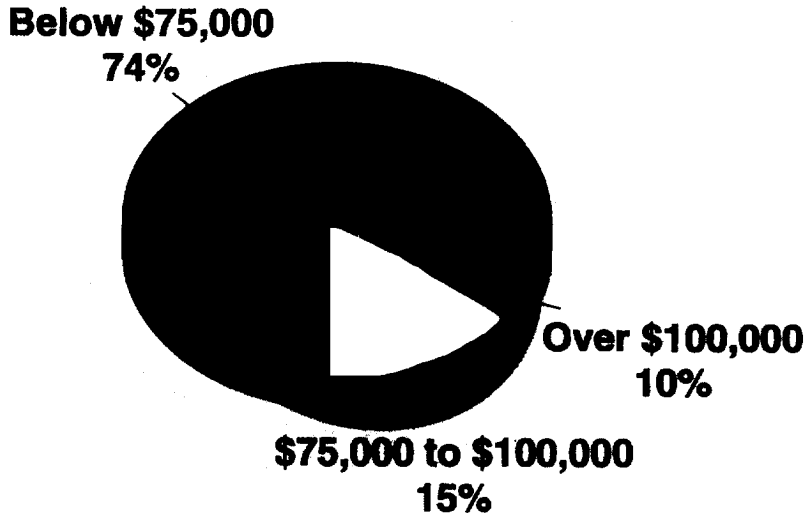
The other major component of the Contract tax package comprises incentives for economic growth, principally the capital gains tax exclusion. Here is an attempt at a plain-spoken explanation of why it will work.

Companies distribute new stock to raise capital for expansion. When an investor considers buying this stock, he must compare the estimated after-tax return on its subsequent sale with the potential after-tax return on other investments. When the tax rate on capital gains is high, profits are reduced. Consequently, stock is traded less often.

If, on the other hand, the tax on capital gains is low, investors trade more frequently, More frequent trading generates more capital for the companies whose stock is being sold. Those companies thereby gain the resources needed for expansion. It also increases economic efficiency by reducing the tax-imposed bias against capital, compared with other factors of production. With such expansion comes more jobs.

In other words, the capital gains tax reduction provides an incentive—or, strictly speaking, reduces a disincentive—for generating capital. Hence, this tax provision leads to more trading, more capital formation, and greater corporate expansion. It is this expansion that provides ever-improving opportunities for American families.

# Who Benefits from the Family Tax Credit?



## LOWERING THE DISCRETIONARY CAPS

H.R. 1219 offsets a portion of the Contract tax cuts by lowering the discretionary spending caps through FY 1998 and extending the lowered caps through FY 2000. The accumulated outlay savings from this action total $100.4 billion over the five-year period. Significantly, these savings are measured not from an inflation-adjusted discretionary baseline, but from actual FY 1995 levels. (See further discussion below.)

The legislation waives the Pay-As-You-Go (PAYGO) rules for the Contract if the Contract's tax cuts are fully offset by a combination of savings from entitlement measures and the reduction in the discretionary spending limits. In this way, the discretionary spending reductions called for in this legislation contribute to preventing a sequester that could otherwise result from revenue lost due to the tax reductions.

## LANDMARKS IN THIS PACKAGE

In addition to the substantial savings it achieves, this legislation breaks new ground in budget procedures in three fundamental ways:

### *1. Jurisdiction over spending limits*

The very fact that this legislation and report exist demonstrates a significant, new legislative role for the House Committee on the Budget. The Committee now has primary jurisdiction over discretionary spending limits and enforcement. In the House rules adopted January 4, 1995, paragraph (1)(d)(4) of rule X granted the Budget Committee jurisdiction over the establishment, extension, and enforcement of discretionary spending limits; Pay-As-You-Go requirements for legislation that increases the deficit; and special budgetary mechanisms to control spending, the deficit, or the federal budget. The Committee also gained, through this rule, jurisdiction over sequestration, a fundamental enforcement mechanism.

Until 1995, these enforcement controls fell elsewhere, principally to the Committee on Government Operations (now the Committee on Government Reform and Oversight). As a result of the rules changes adopted January 4, H.R. 1219 represents the kind of act ideally suited for the Committee that oversees overall government spending—legislation that actually controls spending.

SPENDING REDUCTIONS IN OUTLAYS

[In billions of dollars]

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| Hard Freeze at FY 1995 Level | 546.4 | 546.4 | 546.4 | 546.4 | 546.4 |
| New General Purpose Caps | 537.9 | 531.7 | 523.7 | 522.0 | 521.7 |
| Outlay Reductions | 8.5 | 14.7 | 22.7 | 24.4 | 24.7 |
| Total outlay reductions over five years | ..... | ..... | ..... | ..... | 95.0 |
| Violent Crime Reduction Trust Fund | 2.334 | 3.936 | 4,904 | 5.639 | 6.225 |
| Adjusted Violent Crime Reduction Trust Fund | 1.827 | 3.082 | 3.840 | 4.415 | 4.874 |
| Annual Violent Crime Savings | .507 | .854 | 1.064 | 1.224 | 1.351 |

SPENDING REDUCTIONS IN OUTLAYS—Continued

[In billions of dollars]

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| Total Violent Crime Savings | ..... | ..... | ..... | ..... | 5.0 |
| Grand total of outlay cuts | ..... | ..... | ..... | ..... | 100 |

*2. The rejection of "baseline" budgeting*

Current law requires budget proposals to be measured against a "baseline"—which includes an automatic adjustment for inflation plus all legislated changes scheduled to take effect—rather than against actual spending levels. As defined in the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline includes "a projection of current-year levels * * * into the budget year and the outyears based on laws enacted through the applicable date [emphasis added]. In other words, changes in law that call for higher spending in the forthcoming budget year are assumed in the baseline. Legislated changes are more significant in the baselines for mandatory programs, but they do apply to the baselines for discretionary programs. Against this "baseline," any effort to simply slow down spending growth is shown as a cut, even if spending for the program would actually be higher than in the previous year.

Critics of Congressional spending have frequently challenged the baseline's bias in favor of higher spending and have called for eliminating its use. Such a step was a major component of H.R. 4434, the Common Sense Budget Reform Act of 1994—introduced in the 103rd Congress by Representatives Kasich, Penny, and Stenholm—and of the House-passed substitute to H.R. 4907, the Full Budget Disclosure Act of 1994.

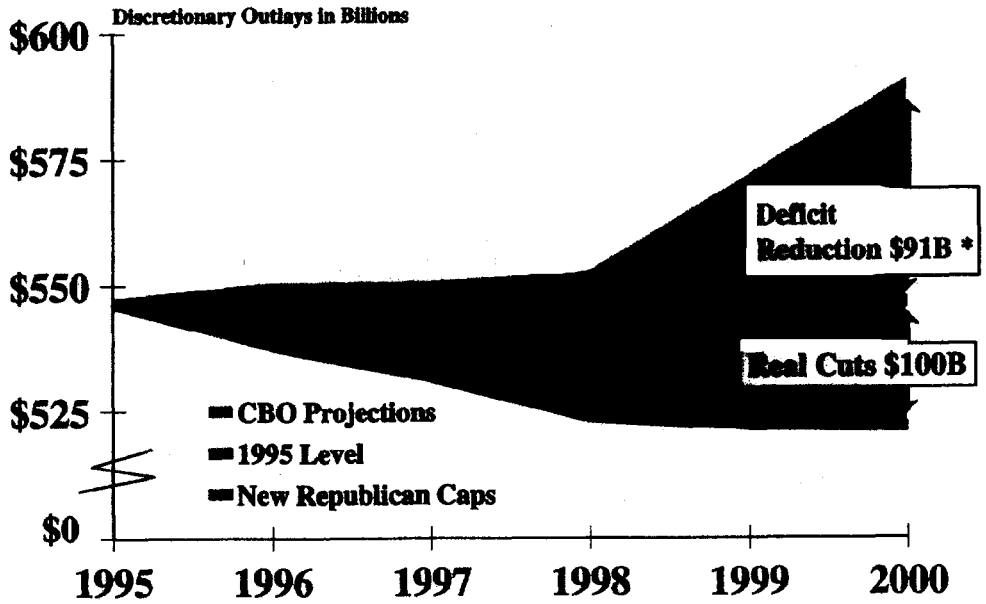
The current legislation, H.R. 1219, practices what the baseline's opponents have preached: It discards the use of baselines. The $100 billion of savings are measured against actual FY 1995 levels, not against projected spending reflected in an inflated baseline.

This procedure results in spending reductions that are real cuts, not simply reductions in spending growth. They also yield a "bonus" of deficit reduction when "scored" by conventional means. Under conventional scoring, H.R. 1219 will be credited not only with the real discretionary savings of $100 billion below the 1995 level, but also the inflation-induced $78 billion in projected spending growth above the 1995 caps (see Figure 2 below). This $78 billion is scored as deficit reduction because the $100 billion is all that is needed to offset the tax cuts. This deficit reduction also produces interest savings of about $13 billion. When added together, the $78 billion taken out of projected spending plus the $13 billion in interest savings yield net deficit reduction of $91 billion—and this is in addition to the $100 billion in real cuts that will help finance tax relief.

It also should be noted that this deficit reduction is $62 billion greater than that of President Clinton's budget, as scored by the Congressional Budget Office. Thus, H.R. 1219 finances tax cuts that are three times as great as the President's and, at the same time, reduces the deficit by three times as much. Even against CBO projections without inflation, the Contract with America legis-

lation will achieve deficit reduction greater than the President's. (See Figure 3 below.)

# $100 Billion in Real Spending Cuts
# $91 Billion in Deficit Reduction




* $78 Billion in Discretionary Savings Plus Interest Savings

## CBO Scoring of Contract vs President

| | Contract | Clinton |
|---|---|---|
| Deficit Reduction Compared to CBO with Inflation | -91.7 | -29.6 |
| Deficit Reduction Compared to CBO without Inflation | -31.2 | 30.9 |

This point deserves emphasis. Because of the Budget Committee's action, the Contract with America legislation will fully offset any revenue lost from the Contract tax cuts, and will also produce $91 billion of deficit reduction over five years. Furthermore, this is only a down payment in the Budget Committee's deficit reduction efforts. The Majority's full FY 1996 budget resolution will call for greater spending restraint, leading to balancing the budget by 2002.

*3. Illustrative spending reductions*

To demonstrate that the level of savings called for in this package is possible, the Committee offers the following illustrative list of spending cuts. Specific decisions lie with the Appropriations and authorizing committees. This list is offered solely to illustrate one way to achieve the needed savings.

The spending cuts identified by the Budget Committee follow a strategy of reducing government by addressing some of the policy directions long endorsed by the Majority. These criteria, and the amount of spending cuts in each, are as follows:

[In billions of dollars]

| | |
|---|---|
| Discarding Needless Bureaucracy | 23.289 |
| Eliminating Duplication and Waste | 24.290 |
| Cutting Foreign Aid | 10.993 |
| Attacking Corporate Welfare | 7.595 |
| Setting Priorities | 22.806 |
| Empowering Communities and the Private Sector | 11.429 |

Below is the complete list. The spending reduction amounts are five-year outlay totals measured against actual FY 1995 spending.

ILLUSTRATIVE SPENDING CUTS

[In millions of dollars]

DISCARDING NEEDLESS BUREAUCRACY

| *Proposal* | *Outlay reductions over 5 years* |
|---|---|
| Lock in Savings from One-Third Reduction in House Committee Staffs | $168 |
| Repeal the Davis-Bacon Act | 2,640 |
| Repeal Successorship Provisions in the Service Contracts Act | 1,060 |
| Reduce General Accounting Office Funding by 15 Percent | 328 |
| Eliminate the Interstate Commerce Commission and Transfer Remaining Functions to the Department of Transportation | 88 |
| Reduce Funds for the Office of the Secretary of Transportation | 36 |
| Eliminate Select Functions and Overhead for Department of Transportation Research and Special Programs Administration (RSPA) | 107 |
| Begin Termination of the Department of Energy: | |
| Curtail Energy Supply R&D Subsidies | 2,318 |
| Eliminate Bureaucracy in the Department of Energy | 184 |
| Curtail Fossil Energy R&D Subsidies | 675 |
| Curtail Energy Conservation R&D Subsidies | 840 |
| Reform the Department of State | 368 |
| Eliminate the Office of the American Workplace | 90 |
| Reduce Department of Education Administrative Costs by 10 Percent | 166 |
| Freeze Administrative Costs of the Employment Standards Administration | 12 |
| Freeze Administrative Costs in the Occupational Safety and Health Administration at FY 1994 Level | 78 |
| Eliminate Unnecessary Bureaucracy in the Department of Agriculture | 73 |
| Reduce Funding for the National Agricultural Statistics Service | 76 |

| *Proposal* | *Outlay reductions over 5 years* |
|---|---|
| Dissolve the National Biological Service | 326 |
| Restructure the Department of the Interior's Territorial and International Affairs | 224 |
| Eliminate Unneeded Bureaucracy in the Department of the Interior | 145 |
| Restructure of the Interior's Minerals-Related Agencies | 1,049 |
| Accept President Clinton's Management and Operational Reforms for Human Space Flight, and Science, Aeronautics, and Technology in NASA | 1,546 |
| End Department of Health and Human Services Funding for the Office of Rural Health Policy | 57 |
| Streamline Administrative Costs for Selected Offices in the Department of Health and Human Services | 96 |
| Eliminate Federal Funding for the Agency for Health Care Policy Research | 578 |
| Eliminate the Federal Maritime Commission (FMC) | 91 |
| Eliminate the Maritime Administration and Transfer Defense-Critical Functions to the Department of Defense | 358 |
| Adopt the Level of the Coast Guard's Proposed Efficiency Savings for FY 1996 | 385 |
| Reduce the DOD Civilian Acquisition Workforce | 3,510 |
| Eliminate the Administrative Conference of the United States | 10 |
| Replace Dollar Bills with Dollar Coins | 100 |
| Terminate 63 Unneeded Boards and Commissions | 10 |
| Reduce Funding for the Executive Office of the President by 15 Percent | 144 |
| Reduce Federal Agency Overhead | 5,000 |
| Reduce the Number of Political Appointees | 228 |
| Terminate the U.S. Parole Commission | 36 |
| Terminate the State Justice Institute | 54 |
| Reform the U.S. Marshals Service | 25 |
| Eliminate the Associate Attorney General Position and Office | 10 |
| Subtotal spending cuts: Discarding needless bureaucracy | 23,289 |
| ELIMINATING DUPLICATION AND WASTE | |
| Reduce Funding for Ineffective Training and Employment Programs | 9,266 |
| Freeze State Unemployment Insurance and Employment Service Operations | 122 |
| Reduce Funding for Goals 2000 and School-to-Work Programs | 723 |
| Eliminate Funding for Crime Bill Education Program | 33 |
| Reduce Categorical Programs in Vocational and Adult Education | 906 |
| Eliminate State Incentive Grants and State Post-secondary Review Entities | 349 |
| Reduce Categorical Education Research Programs | 214 |
| Reduce Categorical Library Programs | 163 |
| Eliminate Low-Income Housing Preservation | 211 |
| Eliminate Duplicative FDIC Role in Low-Income Housing Program | 69 |
| Eliminate Duplicative Lead-Based Paint Abatement | 128 |
| Reduce Duplicative Drug Elimination Grants | 146 |
| Eliminate Wasteful HUD Rehabilitation of Severely Distressed Public Housing | 775 |
| Eliminate Wasteful HUD Research and Policy Programs | 758 |
| Reduce Modernization Funding | 909 |
| Eliminate Policy Development and Research | 181 |
| Eliminate Housing Counseling Program | 196 |
| Eliminate Funding for Duplicative Investment Centers | 67 |
| Eliminate Community Development Financial Institutions | 355 |
| Eliminate Funds for USDA's Strategic Space Plan | 103 |
| Fund the Agricultural Conservation Program at President Clinton's Requested Level | 187 |
| Terminate Low-Priority Programs in the Department of Agriculture | 29 |
| Prioritize Conservation Operations | 636 |

| | |
|---|---|
| Reform the Bureau of Reclamation | 594 |
| Accept President Clinton's Funding Levels for the U.S. Army Corps of Engineers | 630 |
| Reduce Funding for the Construction of Facilities and Trails within the Departments of Agriculture and Interior | 705 |
| Eliminate the Pennsylvania Avenue Development Corporation and Other Low-Priority Programs in the Departments of Agriculture and the Interior | 166 |
| Reform the Various Land Management Agencies in the Departments of Agriculture and the Interior | 1,495 |
| Re-Evaluate Mission to Planet Earth Science Requirements | 326 |
| Fund EPA Research and Development and Abatement, Control, and Compliance at the Levels Recommended by the House Committee on Appropriations | 83 |
| Apply a Cost-Benefit Test to Superfund Projects | 526 |
| Eliminate Unauthorized and Duplicative Rural Outreach Grants that Support Services Duplicated by Other Federal Funding | 118 |
| Eliminate Grants for Administration of State Trauma Care Systems | 21 |
| Terminate Chiropractic Demonstration Grants | 4 |
| Remove Duplicative Funding for Centers of Excellence | 101 |
| Eliminate Federal Funding for Non-Essential Health Facilities Construction | 65 |
| Phase Out Duplicative Funding for Injury Control Research | 111 |
| Eliminate Redundant Functions of the National Institute of Occupational Safety and Health (NIOSH) | 339 |
| Reduce Federal Funding for Community Support Demonstrations | 65 |
| Terminate Federal Funding for Physical Fitness and Sports | 5 |
| Eliminate Funding for Clinton Health Security Act Data Analysis | 12 |
| Eliminate SBA's Tree Planting Program | 75 |
| Terminate Out-Year Funding for Pennsylvania Station Redevelopment Project | 101 |
| Terminate Out-Year funding for the Interstate Transfer Grants | 82 |
| Eliminate Grants to Reliever Airports | 217 |
| Eliminate Air Traffic Control Revitalization Act Premium Pay | 434 |
| Repeal Transitional Expenses of the Post Office | 130 |
| Impose a Five-Year Moratorium on Construction and Acquisition of New Federal Buildings | 1,284 |
| Eliminate Funding for Capital Resource Centers | 75 |
| Subtotal spending cuts: Eliminating duplication and waste | 24,290 |

CUTTING FOREIGN AID

| | |
|---|---|
| Limit Contributions to International Peacekeeping | 750 |
| Reduce the United States Information Agency (USIA) Educational and Cultural Exchanges by 50 percent | 512 |
| Reduce Contributions to International Organizations and Conferences | 452 |
| Reduce Assistance to Eastern Europe and the Former Soviet Union | 824 |
| Reform the Foreign Agricultural Service, including Public Law 480 | 1,089 |
| Restructure the Agency for International Development (AID) and conform AID's operating expenses and Inspector General with this Restructured Funding Level | 2,660 |
| Reform Multilateral Development Banks (excluding the World Bank and IDA) | 763 |
| Cease Supporting the International Development Association | 2,804 |
| Restrain Funds for the Peace Corps | 207 |
| Provide $200 Million a Year in Voluntary Contributions to International Organizations and Programs | 788 |
| Eliminate the Subsidy for FMF loans to Greece and Turkey | 144 |
| Subtotal spending cuts: Cutting foreign aid | 10,993 |

ATTACKING CORPORATE WELFARE

| | |
|---|---|
| Begin Termination of the Department of Commerce: | |
| Terminate Industrial Technology Services and Information Infrastructure Grants that are Engaged in Industrial Policy | 2,166 |
| Refocus the National Oceanic and Atmospheric Administration on its Core Mission | 1,185 |
| Eliminate the Economic Development Administration | 1,156 |
| Eliminate the U.S. Travel and Tourism Administration (USTTA) and the Trade Promotion Activities of the International Trade Administration (ITA) | 1,068 |
| Reduce the Budget of the Export Administration | 47 |
| Eliminate Funding for the Intelligent Vehicle Development | 378 |
| Eliminate Funding for High-Speed Rail Development | 105 |
| Eliminate Federal Funding for the Essential Air Services Program | 159 |
| Refocus Federal Support for Agricultural Research and Extension Activities | 1,331 |
| Subtotal spending cuts: Attacking corporate welfare | 7,595 |

SETTING PRIORITIES

| | |
|---|---|
| Eliminate LIHEAP | 7,227 |
| Reduce the Corporation for National and Community Service—National Community Service Act and Domestic Volunteer Service Programs | 681 |
| Reduce Impact Aid Payments for Federal Property | 66 |
| Privatize the Corporation for Public Broadcasting | 1,000 |
| Reduce Community Service for Older Americans to the Level Requested by the President for FY 1995 | 59 |
| Eliminate Funding for Four Small Bilingual Programs | 150 |
| Reduce Funding Growth in Federal TRIO Programs and the Byrd Scholarships and Eliminate Higher Education Categorical Grants | 397 |
| Focus Community Development Block Grants on Low-Income Areas | 3,036 |
| Reduce Youthbuild to Fiscal Year 1994 Levels | 85 |
| Terminate Funding for the National Endowment for the Arts and the National Endowment for the Humanities | 1,414 |
| Impose a Five-Year Moratorium on Land Purchases | 930 |
| Eliminate Funding for Native Hawaiian Health Care | 21 |
| Eliminate Funding for Pacific Basin Initiative | 5 |
| Reprioritize Ineffective Funding for the National Health Services Corps | 273 |
| Encourage Prioritization of NIH-Supported Research by Reducing Funding 5 Percent | 2,462 |
| Reduce the Violent Crime Trust Fund | 5,000 |
| Subtotal spending cuts: Setting priorities | 22,806 |

EMPOWERING COMMUNITIES AND THE PRIVATE SECTOR

| | |
|---|---|
| Allow Private Producers to Build and Operate Cogeneration Facilities at Federal Civilian Installations | 65 |
| Reform Farmers Home Administration | 281 |
| Create a Rural Development Block Grant | 743 |
| Create a New Native American Block Grant | 948 |
| Terminate the Environmental Protection Agency's Environmental Technology Initiative (ETI) | 273 |
| Eliminate Maintenance Funding Originally Intended to Establish State Offices of Rural Health | 17 |
| Eliminate Institutional Health Professions Education | 1,254 |
| Eliminate the Appalachian Regional Commission (ARC) | 741 |
| Reduce Federal Mass Transit Operating Subsidies, Provide Regulatory Relief and Flexibility | 1,232 |
| No New Starts in Fixed Guideway Mass Transit Capital Grants | 1,082 |
| Make Amtrak More Businesslike: Provide Labor Relief, Phase Out Operating Subsidies Over Five Years, and Maintain Mandatory Passenger Rail Service Payments | 1,607 |

| | |
|---|---|
| Complete North East Corridor Improvement Program in 1999 | 40 |
| Eliminate Funding for the Civil Aeromedical Institute | 53 |
| Eliminate Funding for the FAA Management Training Institute | 49 |
| Terminate Local Rail Freight Assistance Program | 72 |
| Open Government Fleet Management to Competitive Private-Sector Bidding | 1,000 |
| Phase Out Federal Funding for the Legal Services Corporation | 1,606 |
| Encourage Private Financing of the Small Business Development Center | 366 |
| Subtotal spending cuts: Empowering communities and the private sector | 11,429 |
| Total illustrative spending cuts | 100,402 |

## SECTION-BY-SECTION ANALYSIS

### SECTION 1. SHORT TITLE

This section states that the bill can be cited as the "Discretionary Spending Reduction and Control Act of 1995."

### SECTION 2. DISCRETIONARY SPENDING LIMITS

*Current law*

Under Current law, the combined discretionary spending limits consist of two components—general purpose discretionary spending limits and special discretionary spending limits for the Violent Crime Reduction Trust Fund.

The general purpose discretionary spending limits are set forth in Section 601(a)(2) of the Congressional Budget Act of 1974. They originated as part of the Budget Enforcement Act of 1990 (Title XIII of P.L. 101–508, the Omnibus Budget Reconciliation Act of 1990).

The BEA of 1990 amended the 1974 Congressional Budget Act and the 1985 Balanced Budget Act to establish two new budget enforcement processes: (1) limits on general purpose discretionary budget authority and discretionary outlays, which apply to spending controlled through the annual appropriations process; and (2) a pay-as-you-go (PAYGO) requirement, which applies to direct spending and revenues. Initially, the two processes were in effect from Fiscal Year 1991 through 1995. The spending limits and PAYGO were extended through Fiscal Year 1998 by Title XIV of P.L. 103–66, the Omnibus Budget Reconciliation Act of 1993.

Violations of the spending limits and PAYGO are enforced by sequestration—automatic across-the-board spending reductions in non-exempt programs. A sequester is triggered under the discretionary spending limits if either the budget authority or outlay limit for the applicable fiscal year is exceeded. A sequester is triggered under PAYGO if the net effect of legislation affecting receipts or entitlement spending is to increase the deficit.

Separate spending limits were established for prevention and law enforcement programs authorized by the Omnibus Crime Control and Law Enforcement Act of 1994 (P.L. 103–322). A Violent Crime trust fund was created to finance these programs out of personnel cost savings from the Federal Workforce Restructuring Act of 1994. The outlay limits for these programs also are enforced through a sequestration process.

*Subsection (a)*

Subsection (a) establishes new discretionary spending limits for new budget authority and outlays for Fiscal Years 1996, 1997, and 1998. These limits will supersede the levels established in the Omnibus Budget Reconciliation Act of 1993, reduced as part of the Omnibus Crime Act of 1994, and periodically adjusted for such factors as inflation and changes in concepts and definitions.

This subsection also extends the discretionary spending limits that are scheduled to expire after Fiscal Year 1998 to Fiscal Years 1999 and 2000. The discretionary spending limits for Fiscal Year 1995 are not changed by the bill.

The levels of the discretionary spending limits are as follows:

DISCRETIONARY SPENDING LIMITS

[In millions of dollars]

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| Budget authority | 503.0 | 497.8 | 489.0 | 491.6 | 492.3 |
| Outlays | 537.9 | 531.7 | 523.7 | 522.0 | 521.7 |

*Subsection (b)*

Subsection (b) of the bill reduces the spending limits for outlays for programs authorized by the Omnibus Crime Prevention and Control Act of 1993 (P.L. 103–322) for Fiscal Years 1996, 1997, and 1998. This subsection also extends these limits to Fiscal Years 1997 and 1998. The levels for Fiscal Year 1995 are unaffected by the bill. The programs subject to these limits are ostensibly funded from personnel cost savings from the Federal Workforce Restructuring Act of 1994 which are annually transferred from the general fund into the Violent Crime Reduction Trust Fund.

This subsection establishes commensurate, but non-binding levels of new budget authority for each of the five years that are lower than the amounts authorized to be transferred into the Violent Crime Reduction Trust Fund authorized by P.L. 103–322. The levels of these limits are as follows:

VIOLENT CRIME REDUCTION TRUST FUND SPENDING LIMITS

[In millions of dollars]

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| Budget authority | 3.357 | 3.915 | 4.306 | 5.089 | 5.089 |
| Outlays | 1.827 | 3.082 | 3.840 | 4.415 | 4.874 |

*Subsection (c)*

Subsection (c) extends the applicability of points of order under Section 302(f) and 311(a) of the Congressional Budget Act of 1974 from 1998 to fiscal years 1999 and 2000. Section 302(f) prohibits consideration of legislation that exceeds a committee's allocation of spending authority as provided in the conference report accompanying the adoption of a budget resolution. Section 311(a) prohibits consideration of legislation exceeding the ceiling on budget authority and outlays or falling below the floor on revenue as established by the most recent budget resolution.

*Subsection (d)*

Subsection (d) extends the requirement that budget resolutions apply to the four years following the budget year. It also extends the requirement that appropriations for programs covered by special adjustments in Section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 (GRH) are not counted for purposes of points of order under the Congressional Budget Act. For example, a supplemental appropriation designated as an emergency under Section 252 of GRH is not only exempt from the discretionary spending limits, but would not be counted for purpose of breaching a committee's allocation of new budget authority.

SECTION 3. GENERAL STATEMENT AND DEFINITIONS

Subsection (a) updates the general statement of budget enforcement in Section 250(b) of GRH to apply to the discretionary spending limits rather than the expired maximum deficit amounts.

Subsection (b) restates the definition of "budgetary resources" to exclude obsolete references to budget terms that were eliminated under credit reform as part of the Budget Enforcement Act of 1990.

SECTION 4. ENFORCING DISCRETIONARY TARGETS

Section 4 extends the enforcement of the discretionary spending limits by sequestration. It also extends the procedures for adjusting the discretionary spending limits for changes in concepts and definitions, emergencies, a special budget authority allowance, and a special allowance for outlays.

The section repeals the special adjustment for inflation that was initially included as part of the Omnibus Budget Enforcement Act of 1990 and extended as part of the Omnibus Budget Reconciliation Act of 1990. The inflation adjustment changes the discretionary spending limits to account for the difference between the inflation rate assumed when the caps were revised as part of OBRA 93 and the actual inflation rate. In the presequester Report for 1996, the Office of Management and Budget changed its interpretation of this language so as to adjust the spending limits for budget authority by about $20 billion from Fiscal Year 1996 through Fiscal Year 1998.

This section also extends the adjustment for new budget authority of 0.1 percent of adjusted discretionary budget authority. This adjustment is intended to provide a margin of error by which the spending limits can be breached without triggering an across-the-board sequester. The special adjustment for outlays of 0.5 percent of the adjusted discretionary limits for budget authority is also extended. The adjustment for budget authority is intended to account for estimated difference between the Congressional Budget Office and the Office of Management and Budget.

SECTION 5. ENFORCING PAY-AS-YOU-GO

Section 5 extends the PAY-AS-YOU-GO requirements under section 252 of GRH. PAYGO specifies that direct spending and receipts legislation be offset by legislation reducing direct spending or increasing receipts. PAYGO is enforced on a session-by-session basis by sequestration.

SECTION 6. REPORTS AND ORDERS

Section 6 extends the Presequester and Final Sequestration Reports that the Congressional Budget Office and the Office of Management and Budget issue to enforce the limits on discretionary spending and the PAYGO requirements.

SECTION 7. TECHNICAL CORRECTION

Section 7 makes a technical correction in GRH by deleting a duplicate section relating to the modification of sequestration orders that should have been superseded by Section 258(A).

SECTION 8. EFFECTIVE DATE

Section 8 extends the operative sections of GRH relating to the discretionary spending limits and PAYGO.

SECTION 9. SPECIAL RULE ON INTERRELATIONSHIP BETWEEN DISCRETIONARY SPENDING LIMITS AND PAY-AS-YOU-GO

Under current law, the discretionary spending limits and the PAYGO requirements are enforced under separate sequestration procedures. Any savings scored under the discretionary spending limits cannot be used to offset increased direct spending or reduced revenues under the PAYGO process. Therefore, a sequester could be required under the PAYGO procedures while discretionary spending is substantially below the discretionary spending limits.

Section 9 permits deviations from the current scoring procedures to provide Congress with more flexibility in budget decisions by recognizing certain interrelationships between the two budget enforcement procedures. Subsection (a) applies to such interrelationships that may arise in the future in the context of reconciliation acts, while subsection (b) applies to such interrelationships that may arise in the near term with respect to certain specified measures of the 104th Congress that implement portions of the Contract with America.

*Subsection (a)*

Subsection (a) establishes a special rule that provides that under certain circumstances the discretionary spending limits may be reduced to offset an increase in the deficit under PAYGO. The rule restricts such changes in the discretionary spending limits in the future to reconciliation bills. It modifies the statutory definition of reconciliation to include reductions in the discretionary spending limits.

The subsection sets three conditions that must be met if the discretionary limits are to be reduced to offset an increase in the deficit under PAYGO. First of all, the discretionary limits may only be reduced to offset an increase in the deficit in future reconciliation bills. Second, the reduction in the limits must be for the express purpose of offsetting an increase on the PAYGO scorecard. Third, any reduction in the spending limits must be fully offset in that same reconciliation bill by an increase in direct spending or a reduction in receipts that increases the deficit under PAYGO.

Under the bill, it is the discretionary spending limits for outlays that would be reduced to offset a revenue loss or increase in direct

spending. The subsection assumes that budget authority would be reduced by a commensurate level to correspond to the reduction in outlays. However, the subsection limits the corresponding reduction in budget authority to no less than that which would be derived from the corresponding budget authority for any given year on the basis specified outlay rates. Budget authority would be derived by determining the outlay change and applying the reciprocal of the spendout rate.

Subsection (a) further provides that if the reduction in the discretionary spending limits for outlays is fully offset by a reduction in receipts or an increase in outlays for direct spending, then it is not counted under PAYGO. Otherwise, the revenue loss from a tax reduction that is at least in part offset by a reduction in the discretionary spending limits would still trigger a PAYGO sequester.

*Subsection (b)*

Subsection (b) makes significant changes in PAYGO treatment of the tax cuts and offsetting spending cuts. Under current law, the PAYGO scoreboard would be credited with the entire amount of the revenue loss from the tax cut and the reduction in welfare and other entitlement spending—but none of the savings from the reduction in the discretionary spending limits.

Under subsection (b), only the difference between the revenue loss from the tax cuts and the sum of any entitlement savings and the reduction in the discretionary spending limits shall be credited to the PAYGO scoreboard. It is understood that this only occurs if the tax cut is not offset over a five-year period. In other words, only the portion of the tax cut that is not offset is subject to PAYGO.

*Subsection (c)*

Subsection (c) provides a "catch-up" adjustment for adjustments that will be made in the existing discretionary spending limits that would otherwise be superseded by this Act. Any adjustment of the caps made under Section 252 of GRH after the President's Presequester Report for 1996 shall retroactively be applied to the levels established by this Act. Adjustments made prior to the Presequester for 1996 are already implicitly assumed in the levels set forth for Fiscal Year 1996.

The subsection also provides a "catch-up" adjustment for statutory changes to the discretionary spending limits that may be included in the final versions of the Personnel Responsibility Act of 1995 or the Emergency Supplemental Appropriations and Rescission Act for Fiscal Year 1995.

## COMMITTEE ACTION

During January and February of 1995, the House Committee on the Budget conducted a series of field hearings, seeking the public's views on cutting Federal Government spending. These hearings were in Columbus, Ohio, on January 21; Prescott, Arizona, on January 28; Columbia, South Carolina, February 4; Manville, New Jersey, February 11; and Billings, Montana, February 18.

On March 10, 1995, the Committee held a full committee briefing with presentations by the Congressional Budget Office and the Joint Committee on Taxation. This briefing concerned the mecha-

nism of adjusting discretionary spending limits and the scoring of revenue effects of the Contract with America's tax relief proposals.

## 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, March 22, 1995.*

Hon. JOHN R. KASICH,
*Chairman, Committee on the Budget,*
*U.S. House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: As reported by the House Committee on the Budget, H.R. 1219, the Discretionary Spending Reduction and Control Act of 1995, would amend the Congressional Budget Act of 1974 and the Balanced Budget and Emergency Deficit Control Act of 1985 (the Balanced Budget Act) to reduce and extend current limits on discretionary spending and to extend the pay-as-you-go procedures that limit changes in direct spending and receipts. The bill would also allow, under certain circumstances, reductions in the limits on discretionary spending to offset deficit increases that would otherwise be recorded on the pay-as-you-go scorecard. This legislation does not directly affect spending (either discretionary or mandatory) or receipts.

The Budget Enforcement Act of 1990 (BEA) established limits on discretionary budget authority and outlays in fiscal years 1991 through 1995. These were enforced by a sequestration procedure that would cut discretionary appropriations across-the-board if enacted appropriations exceeded the limits. The BEA also established a sequestration procedure that would cut mandatory spending to eliminate any increase in the deficit for a fiscal year that is caused by legislation enacted since 1990 affecting mandatory spending and receipts. The Omnibus Budget Reconciliation Act of 1993 (OBRA–93) extended both the discretionary and pay-as-you-go enforcement mechanisms through 1998 and established new limits on total discretionary budget spending in 1996, 1997, and 1998. The Violent Crime Control and Law Enforcement Act of 1994 established a separate category of spending within those caps for anticrime spending authorized by that act. It reduced the budget authority and outlay limits for 1996 through 1998 by the amount of anticipated spending from the Violent Crime Reduction Trust Fund (VCRTF) established by the act, exempted that spending from the resulting limits (known now as the general purpose limits), and set limits on 1996 through 1998 outlays from VCRTF appropriations.

H.R. 1219 would reduce the current 1996–1998 limits on general purpose budget authority and outlays and on VCRTF outlays and would establish new limits for 1999 and 2000, as shown in the attached table. It would extend through 2000 both the procedures established to enforce the discretionary spending limits and the pay-as-you-go procedures. It would also extend through 2000 several

provisions enacted in 1990 to ensure that Congressional budget resolutions conform to the Balanced Budget Act. The bill would make one substantive change in the current rules governing discretionary spending. Under current law, the discretionary spending limits are adjusted at the beginning of each calendar year. CBO believes that the law calls for the adjustment to be made based on the difference between actual inflation in the fiscal year that has just ended and the inflation in that year anticipated when the limits were set by OBRA–93. The Office of Management and Budget has interpreted the law as providing for an adjustment based on the difference between the Administration's forecast of inflation for each year covered by the limits and the inflation for those years anticipated in 1993. H.R. 1219 would eliminate the inflation adjustment altogether.

Section 9 of H.R. 1219 provides for special treatment of reductions in the discretionary spending limits in certain circumstances. It would allow reductions in discretionary spending limits contained in a reconciliation bill to offset, for purposes of the pay-as-you-go scorecard, all or part of an increase in mandatory spending or decrease in receipts provided in that same bill. Section 9 would also provide a special rule for pay-as-you-go estimates of two bills currently being considered in the Congress. Under that special rule, the reductions in the discretionary spending limits provided in H.R. 1219 will be used to fully or partially offset the deficit increases on the pay-as-you-go scorecard for the Personal Responsibility Act of 1995 and the Contract With America Tax Relief Act of 1995. If the total reduction in the limits on discretionary outlays over the 1996–2000 period exceeds the net deficit increase stemming from changes in mandatory spending and receipts in those two bills, that deficit increase will not be counted for pay-as-you-go purposes. If the total deficit increase exceeds the outlay limit reduction, only the excess of the deficit increase for any year over the reduction in the outlay limit for that year will be counted. For purposes of the calculating the reduction in the discretionary spending limits, H.R. 1219 specifies that the reduction in the limits in 1999 and 2000 shall equal the difference between the newly established outlay limits for those years and the outlay limit for 1998. Including those 1999 and 2000 amounts, the offset over the five-year period would total $119 billion in outlays.

Both the Personal Responsibility Act and H.R. 1158, a bill providing supplemental appropriations and making rescissions, specify their own separate changes in the discretionary spending limits. H.R. 1219 includes a provision that is intended to ensure that those changes are not superseded by enactment of the new limits specified in H.R. 1219.

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

Sincerely,

JUNE E. O'NEILL, *Director.*

Attachment.

DISCRETIONARY SPENDING LIMITS PROPOSED IN H.R. 1219

[By fiscal years, in billions of dollars]

| | Fiscal year 1996 | | Fiscal year 1997 | | Fiscal year 1998 | | Fiscal year 1999 | | Fiscal year 2000 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Budget Authority | Outlays | Budget Authority | Outlays | Budget Authority | Outlays | Budget Authority | Outlays | Budget Authority | Outlays |
| Discretionary Spending Limits Under Current Law: | | | | | | | | | | |
| General Purpose Spending | 517.4 | 549.4 | 529.9 | 549.5 | 536.1 | 551.6 | (1) | (1) | (1) | (1) |
| VCRTF Spending | 4.3 | 2.3 | 5.0 | 3.9 | 5.5 | 4.9 | (1) | (1) | (1) | (1) |
| Total Discretionary Spending | 521.7 | 551.7 | 534.9 | 553.4 | 541.6 | 556.5 | (1) | (1) | (1) | (1) |
| Proposed Discretionary Spending Limits: | | | | | | | | | | |
| General Purpose Spending | 503.0 | 537.9 | 497.8 | 531.8 | 489.0 | 523.7 | 491.6 | 552.1 | 492.3 | 521.7 |
| VCRTF Spending | 3.4 | 1.8 | 3.9 | 3.1 | 4.3 | 3.8 | 5.1 | 4.4 | 5.1 | 4.9 |
| Total Discretionary Spending | 506.4 | 539.8 | 501.7 | 534.9 | 493.4 | 527.5 | 496.7 | 526.5 | 497.4 | 526.6 |
| Proposed Limits Minus Current Law: | | | | | | | | | | |
| General Purpose Spending | −14.4 | −11.4 | −32.1 | −17.7 | −47.0 | −27.9 | (1) | (1) | (1) | (1) |
| VCRTF Spending | −0.9 | −0.5 | −1.1 | −0.9 | −1.2 | −1.1 | (1) | (1) | (1) | (1) |
| Total Discretionary Spending | −15.3 | −11.9 | −33.2 | −18.6 | −48.2 | −29.0 | (1) | (1) | (1) | (1) |

[1] Not applicable.

## BUDGET COMMITTEE ESTIMATES

Clause 7(a) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the committee of the cost which would be incurred in carrying out H.R. 1219. However clause 7(d) of that rule provides that this requirement does not apply when the committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act.

## MISCELLANEOUS BUDGETARY INFORMATION

With respect to the requirement of clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, H.R. 1219 does not contain any new budget authority, spending authority, credit authority, or an increase or decrease in revenues or tax expenditures.

## INFLATION IMPACT STATEMENT

Clause 2(l)(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 has determined that H.R. 1219 would not have a significant impact on prices and costs in the operation of the national economy.

## BUDGET COMMITTEE OVERSIGHT FINDINGS

Clause 2(l)(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. The committee has no oversight findings.

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

Clause 2(l)(3)(D) of rule XI requires each committee report to contain a summary of 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 on Budget has received no such findings or recommendations from the Committee on Government Reform and Oversight.

## COMMITTEE VOTES

Clause 2(l)(2)(B) of House rule XI requires each committee report to accompany any bill or resolution of a public character, ordered to include the total number of votes cast for and against on each rollcall vote on a motion to report and any amendment offered to the measure or matter, together with the names of those voting for and against. Below are the results of the rollcall votes taken in the Budget Committee on this resolution.

On March 16, 1995, the committee met in open session, a quorum being present, and ordered reported the bill H.R. 1219 as amended.

The bill as amended was passed by a rollcall vote of 24 ayes and 11 noes.

| AYES | NOES |
|---|---|
| Mr. Kasich | Mr. Sabo |
| Mr. Hobson | Ms. Slaughter |
| Mr. Walker | Mr. Mollohan |
| Mr. Kolbe | Mr. Costello |
| Mr. Shays | Mrs. Mink |
| Mr. Herger | Mr. Orton |
| Mr. Smith (Texas) | Mr. Pomeroy |
| Mr. Allard | Mr. Browder |
| Mr. Miller | Mr. Olver |
| Mr. Lazio | Ms. Roybal-Allard |
| Mr. Franks | Ms. Rivers |
| Mr. Smith (Michigan) | |
| Mr. Inglis | |
| Mr. Hoke | |
| Ms. Molinari | |
| Mr. Nussle | |
| Mr. Hoekstra | |
| Mr. Largent | |
| Mrs. Myrick | |
| Mr. Brownback | |
| Mr. Shadegg | |
| Mr. Radanovich | |
| Mr. Bass | |
| Mr. Parker | |

The following amendments were offered:

1. Mr. Hobson offered an amendment in the nature of a substitute identical to H.R. 1219, except that where the bill is silent on the actual amount that the discretionary spending caps would be reduced, the amendment in the nature of a substitute provides those specific amounts. The Hobson amendment in the nature of a substitute, as amended, was agreed to by voice vote.

2. Mr. Kasich offered an amendment to the Hobson amendment in the nature of a substitute that provides that any losses in revenue resulting from the Contract With America Tax Relief Act of 1995 would not be scored as deficit increases for PAYGO purposes if those revenue losses are offset by reductions in direct spending by the Personal Responsibility Act of 1995 or reductions in the limit on discretionary outlays as provided by H.R. 1219. The Kasich amendment was agreed to by voice vote.

3. Mr. Sabo offered an amendment (Sabo I) to the Hobson amendment in the nature of a substitute to strike the sentence of the Hobson amendment in the nature of a substitute pertaining to the PAYGO scoring of the effects of H.R. 1219. The Sabo (I) amendment was not agreed to by a rollcall vote of 17 ayes and 23 noes.

| AYES | NOES |
|---|---|
| Mr. Sabo | Mr. Kasich |

| | |
|---|---|
| Mr. Stenholm | Mr. Hobson |
| Mr. Parker | Mr. Walker |
| Mr. Coyne | Mr. Kolbe |
| Mr. Mollohan | Mr. Herger |
| Mr. Costello | Mr. Bunning |
| Mr. Johnston | Mr. Smith (Texas) |
| Mrs. Mink | Mr. Allard |
| Mr. Orton | Mr. Miller |
| Mr. Pomeroy | Mr. Lazio |
| Mr. Browder | Mr. Franks |
| Ms. Woolsey | Mr. Smith (Michigan) |
| Mr. Olver | Mr. Inglis |
| Ms. Roybal-Allard | Mr. Hoke |
| Mrs. Meek | Ms. Molinari |
| Ms. Rivers | Mr. Nussle |
| Mr. Doggett | Mr. Hoekstra |
| | Mr. Largent |
| | Mrs. Myrick |
| | Mr. Brownback |
| | Mr. Shadegg |
| | Mr. Radanovich |
| | Mr. Bass |

4. Mr. Sabo offered an amendment (Sabo II) to the Hobson amendment in the nature of a substitute that provides that any legislative changes in discretionary spending limits are to be measured from the current-year spending level. The Sabo (II) amendment was not agreed to by a rollcall vote of 16 ayes and 22 noes.

| AYES | NOES |
|---|---|
| Mr. Sabo | Mr. Kasich |
| Mr. Stenholm | Mr. Hobson |
| Ms. Slaughter | Mr. Walker |
| Mr. Parker | Mr. Kolbe |
| Mr. Coyne | Mr. Shays |
| Mr. Mollohan | Mr. Herger |
| Mr. Costello | Mr. Bunning |
| Mrs. Mink | Mr. Allard |
| Mr. Orton | Mr. Miller |
| Mr. Pomeroy | Mr. Lazio |
| Mr. Browder | Mr. Franks |
| Ms. Woolsey | Mr. Smith (Michigan) |
| Mr. Olver | Mr. Inglis |
| Ms. Roybal-Allard | Mr. Hoke |
| Ms. Rivers | Ms. Molinari |
| Mr. Doggett | Mr. Nussle |
| | Mr. Hoekstra |
| | Mrs. Myrick |
| | Mr. Brownback |
| | Mr. Shadegg |
| | Mr. Radanovich |
| | Mr. Bass |

5. Mr. Stenholm offered an amendment to the Hobson amendment in the nature of a substitute that would require that any savings resulting from H.R. 1219 be used for deficit reduction instead

of offsetting revenue losses resulting from tax cuts. The Stenholm amendment was not agreed to by a rollcall vote of 14 ayes and 25 noes.

| AYES | NOES |
|---|---|
| Mr. Sabo | Mr. Kasich |
| Mr. Stenholm | Mr. Hobson |
| Ms. Slaughter | Mr. Walker |
| Mr. Mollohan | Mr. Kolbe |
| Mr. Costello | Mr. Shays |
| Mrs. Mink | Mr. Herger |
| Mr. Orton | Mr. Bunning |
| Mr. Pomeroy | Mr. Smith (Texas) |
| Mr. Browder | Mr. Allard |
| Ms. Woolsey | Mr. Miller |
| Mr. Olver | Mr. Lazio |
| Ms. Roybal-Allard | Mr. Franks |
| Ms. Rivers | Mr. Smith (Michigan) |
| Mr. Doggett | Mr. Inglis |
| | Mr. Hoke |
| | Ms. Molinari |
| | Mr. Nussle |
| | Mr. Hoekstra |
| | Mr. Largent |
| | Mrs. Myrick |
| | Mr. Brownback |
| | Mr. Shadegg |
| | Mr. Radanovich |
| | Mr. Bass |
| | Mr. Parker |

6. Ms. Woolsey offered an amendment to the Hobson amendment in the nature of a substitute that specifies that, in meeting the new, lower caps on discretionary spending set by H.R. 1219, the discretionary child nutrition programs not be reduced below the fiscal year 1995 enacted level. The Woolsey amendment was not agreed to by a rollcall vote of 13 ayes and 22 noes.

| AYES | NOES |
|---|---|
| Mr. Sabo | Mr. Kasich |
| Ms. Slaughter | Mr. Hobson |
| Mr. Parker | Mr. Walker |
| Mr. Costello | Mr. Kolbe |
| Mrs. Mink | Mr. Herger |
| Mr. Orton | Mr. Bunning |
| Mr. Pomeroy | Mr. Smith (Texas) |
| Mr. Browder | Mr. Allard |
| Ms. Woolsey | Mr. Miller |
| Mr. Olver | Mr. Lazio |
| Ms. Roybal-Allard | Mr. Franks |

| | |
|---|---|
| Ms. Rivers | Mr. Inglis |
| Mr. Doggett | Mr. Hoke |
| | Ms. Molinari |
| | Mr. Nussle |
| | Mr. Hoekstra |
| | Mr. Largent |
| | Mrs. Myrick |
| | Mr. Brownback |
| | Mr. Shadegg |
| | Mr. Radanovich |
| | Mr. Bass |

7. Mr. Pomeroy offered an amendment to the Hobson amendment in the nature of a substitute that provides that budget resolutions and the pay-as-you-go rule cover all fiscal years through 2002. The Pomeroy amendment was not agreed to by a rollcall vote of 12 ayes and 23 noes.

| AYES | NOES |
|---|---|
| Mr. Sabo | Mr. Kasich |
| Ms. Slaughter | Mr. Hobson |
| Mr. Parker | Mr. Walker |
| Mr. Mollohan | Mr. Kolbe |
| Mr. Costello | Mr. Shays |
| Mrs. Mink | Mr. Herger |
| Mr. Orton | Mr. Bunning |
| Mr. Pomeroy | Mr. Smith (Texas) |
| Mr. Browder | Mr. Allard |
| Mr. Olver | Mr. Miller |
| Ms. Roybal-Allard | Mr. Lazio |
| Ms. Rivers | Mr. Franks |
| | Mr. Inglis |
| | Mr. Hoke |
| | Ms. Molinari |
| | Mr. Nussle |
| | Mr. Hoekstra |
| | Mr. Largent |
| | Mrs. Myrick |
| | Mr. Brownback |
| | Mr. Shadegg |
| | Mr. Radanovich |
| | Mr. Bass |

8. Mrs. Slaughter offered an amendment to the Hobson amendment in the nature of a substitute that specifies that, in meeting the new, lower caps on discretionary spending set by H.R. 1219, the discretionary women's health research, prevention and screening not be reduced below the fiscal year 1995 enacted level. The Slaughter amendment was not agreed to by a roll call vote of 12 ayes and 22 noes.

| AYES | NOES |
|---|---|
| Mr. Sabo | Mr. Kasich |
| Ms. Slaughter | Mr. Hobson |
| Mr. Parker | Mr. Walker |
| Mr. Mollohan | Mr. Kolbe |

Mr. Costello
Mrs. Mink
Mr. Orton
Mr. Pomeroy
Mr. Browder
Mr. Olver
Ms. Roybal-Allard
Ms. Rivers

Mr. Shays
Mr. Herger
Mr. Bunning
Mr. Smith (Texas)
Mr. Allard
Mr. Miller
Mr. Lazio
Mr. Franks
Mr. Inglis
Mr. Hoke
Ms. Molinari
Mr. Nussle
Mr. Hoekstra
Mrs. Myrick
Mr. Brownback
Mr. Shadegg
Mr. Radanovich
Mr. Bass

9. Mr. Orton offered an amendment to the Hobson amendment in the nature of a substitute to include a sense of Congress that all spending measures should be considered on the floor under open rules. The Orton amendment was ruled as out of order by the Chair as nongermane after a point of order was raised by Mr. Kolbe.

10. Mr. Mollohan offered an amendment to the Hobson amendment in the nature of a substitute to increase the caps for the crime bill trust fund. The Mollohan amendment was not agreed to by a rollcall vote of 11 ayes and 23 noes.

AYES

Mr. Sabo
Ms. Slaughter
Mr. Mollohan
Mr. Costello
Mrs. Mink
Mr. Orton
Mr. Pomeroy
Mr. Browder
Mr. Olver
Ms. Roybal-Allard
Ms. Rivers

NOES

Mr. Kasich
Mr. Hobson
Mr. Walker
Mr. Kolbe
Mr. Shays
Mr. Herger
Mr. Smith (Texas)
Mr. Allard
Mr. Miller
Mr. Lazio
Mr. Franks
Mr. Smith (Michigan)
Mr. Inglis
Mr. Hoke
Ms. Molinari
Mr. Nussle
Mr. Hoekstra
Mrs. Myrick
Mr. Brownback
Mr. Shadegg
Mr. Radanovich
Mr. Bass
Mr. Parker

11. Mr. Sabo offered an amendment (Sabo III) to the Hobson amendment in the nature of a substitute to apply budget points of order against unreported bills. The Sabo (III) amendment was withdrawn.

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 ACT OF 1974

* * * * * * *

TITLE III—CONGRESSIONAL BUDGET PROCESS

* * * * * * *

RECONCILIATION

SEC. 310. (a) INCLUSION OF RECONCILIATION DIRECTIVES IN CONCURRENT RESOLUTIONS ON THE BUDGET.—A concurrent resolution on the budget for any fiscal year, to the extent necessary to effectuate the provisions and requirements of such resolution, shall—

(1) * * *

* * * * * * *

(3) specify the amounts by which the statutory limit on the public debt is to be changed and direct the committee having jurisdiction to recommend such change; [or]

*(4) carry out section 252(f) of the Balanced Budget and Emergency Deficit Control Act of 1985; or*

[(4)] *(5)* specify and direct any combination of the matters described in paragraphs (1), (2), [and (3)] *(3), and (4)* (including a direction to achieve deficit reduction).

* * * * * * *

# TITLE VI—BUDGET AGREEMENT ENFORCEMENT PROVISIONS

**SEC. 601. DEFINITIONS AND POINT OF ORDER.**

(a) DEFINITIONS.—As used in this title and for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985:

(1) * * *

(2) DISCRETIONARY SPENDING LIMIT.—The term "discretionary spending limit" means—

[(A) with respect to fiscal year 1991—

[(i) for the defense category: $288,918,000,000 in new budget authority and $297,660,000,000 in outlays;

[(ii) for the international category: $20,100,000,000 in new budget authority and $18,600,000,000 in outlays; and

[(iii) for the domestic category: $182,700,000,000 in new budget authority and $198,100,000,000 in outlays;

[(B) with respect to fiscal year 1992—

[(i) for the defense category: $291,643,000,000 in new budget authority and $295,744,000,000 in outlays;

[(ii) for the international category: $20,500,000,000 in new budget authority and $19,100,000,000 in outlays; and

[(iii) for the domestic category: $191,300,000,000 in new budget authority and $210,100,000,000 in outlays;

[(C) with respect to fiscal year 1993—

[(i) for the defense category: $291,785,000,000 in new budget authority and $292,686,000,000 in outlays;

[(ii) for the international category: $21,400,000,000 in new budget authority and $19,600,000,000 in outlays; and

[(iii) for the domestic category: $198,300,000,000 in new budget authority and $221,700,000,000 in outlays;

[(D) with respect to fiscal year 1994, for the discretionary category: $510,800,000,000 in new budget authority and $534,800,000,000 in outlays;]

[(E)] *(A)* with respect to fiscal year 1995, for the discretionary category: $517,700,000,000 in new budget authority and $540,800,000,000 in outlays; [and

[(F) with respect to fiscal years 1996, 1997, and 1998, for the discretionary category, the amounts set forth for those years in section 12(b)(1) of House Concurrent Resolution 64 (One Hundred Third Congress);]

*(B) with respect to fiscal year 1996, for the discretionary category: $502,994,000,000 in new budget authority and $537,946,000,000 in outlays;*

*(C) with respect to fiscal year 1997, for the discretionary category: $497,816,000,000 in new budget authority and $531,793,000,000 in outlays;*

*(D) with respect to fiscal year 1998, for the discretionary category: $489,046,000,000 in new budget authority and $523,703,000,000 in outlays;*

*(E) with respect to fiscal year 1999, for the discretionary category: $491,586,000,000 in new budget authority and $522,063,000,000 in outlays; and*

*(F) with respect to fiscal year 2000, for the discretionary category: $492,282,000,000 in new budget authority and $521,690,000,000 in outlays;*

as adjusted in strict conformance with section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985.

* * * * * * *

**SEC. 602. COMMITTEE ALLOCATIONS AND ENFORCEMENT.**

(a) * * *

* * * * * * *

(c) APPLICATION OF SECTION 302(f) TO THIS SECTION.—In fiscal years through [1995] *2000*, reference in section 302(f) to the appropriate allocation made pursuant to section 302(b) for a fiscal year shall, for purposes of this section, be deemed to be a reference to

any allocation made under subsection (a) or any suballocation made under subsection (b), as applicable, for the fiscal year of the resolution or for the total of all fiscal years made by the joint explanatory statement accompanying the applicable concurrent resolution on the budget. [In the House of Representatives, the preceding sentence shall not apply with respect to fiscal year 1991.]

(d) APPLICATION OF SUBSECTIONS (a) AND (b) TO FISCAL YEARS [1992 TO 1995] *1995 TO 2000*.—In the case of concurrent resolutions on the budget for fiscal years [1992 through 1995] *1995 through 2000*, allocations shall be made under subsection (a) instead of section 302(a) and shall be made under subsection (b) instead of section 302(b). For those fiscal years, all references in sections 302(c), (d), (e), (f), and (g) to section 302(a) shall be deemed to be to subsection (a) (including revisions made under section 604) and all such references to section 302(b) shall be deemed to be to subsection (b) (including revisions made under section 604).

* * * * * * *

**SEC. 606. 5-YEAR BUDGET RESOLUTIONS; BUDGET RESOLUTIONS MUST CONFORM TO BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.**

(a) 5-YEAR BUDGET RESOLUTIONS.—In the case of any concurrent resolution on the budget for fiscal year [1992, 1993, 1994, or 1995] *1995, 1996, 1997, 1998, 1999, or 2000*, that resolution shall set forth appropriate levels for the fiscal year beginning on October 1 of the calendar year in which it is reported and for each of the 4 succeeding fiscal years for the matters described in section 301(a).

* * * * * * *

(d) ADJUSTMENTS.—(1) Notwithstanding any other provision of law, concurrent resolutions on the budget for fiscal years [1992, 1993, 1994, and 1995] *1995, 1996, 1997, 1998, 1999, and 2000* under section 301 or 304 may set forth levels consistent with allocations increased by—

(A) amounts not to exceed the budget authority amounts in section 251(b)(2)(E)[(i) and (ii)] of the Balanced Budget and Emergency Deficit Control Act of 1985 and the composite outlays per category consistent with them; and

* * * * * * *

**SEC. 607. EFFECTIVE DATE.**

This title shall take effect upon its date of enactment and shall apply to fiscal years [1991 to 1998] *1995 to 2000*.

* * * * * * *

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## BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

## PART C—EMERGENCY POWERS TO ELIMINATE DEFICITS IN EXCESS OF MAXIMUM DEFICIT AMOUNT

**SEC. 250. TABLE OF CONTENTS; STATEMENT OF BUDGET ENFORCEMENT THROUGH SEQUESTRATION; DEFINITIONS.**

(a) * * *

(b) GENERAL STATEMENT OF BUDGET ENFORCEMENT THROUGH SEQUESTRATION.—[This part provides for the enforcement of the deficit reduction assumed in House Concurrent Resolution 310 (101st Congress, second session) and the applicable deficit targets for fiscal years 1991 through 1995.] *This part provides for the enforcement of deficit reduction through discretionary spending limits and pay-as-you-go requirements for fiscal years 1995 through 2000.* Enforcement, as necessary, is to be implemented through sequestration—

(1) * * *

* * * * * * *

(c) DEFINITIONS.—

As used in this part:

(1) * * *

* * * * * * *

[(4) The term "category" means:

[(A) For fiscal years 1991, 1992, and 1993, any of the following subsets of discretionary appropriations: defense, international, or domestic. Discretionary appropriations in each of the three categories shall be those so designated in the joint statement of managers accompanying the conference report on the Omnibus Budget Reconciliation Act of 1990. New accounts or activities shall be categorized in consultation with the Committees on Appropriations and the Budget of the House of Representatives and the Senate.

[(B) For fiscal years 1994 and 1995, all discretionary appropriations.

Contributions to the United States to offset the cost of Operation Desert Shield shall not be counted within any category.]

*(4) The term "category" means all discretionary appropriations.*

* * * * * * *

[(6) The term "budgetary resources" means—

[(A) with respect to budget year 1991, new budget authority; unobligated balances; new loan guarantee commitments or limitations; new direct loan obligations, commitments, or limitations; direct spending authority; and obligation limitations; or

[(B) with respect to budget year 1992, 1993, 1994, or 1995, new budget authority; unobligated balances; direct spending authority; and obligation limitations.]

*(6) The term "budgetary resources" means new budget authority, unobligated balances, direct spending authority, and obligation limitations.*

* * * * * * *

(9) The term "current" means, with respect to OMB estimates included with a budget submission under section 1105(a) of title 31, United States Code, the estimates consistent with the economic and technical assumptions underlying that budget and with respect to estimates made after submission of the fiscal year [1992] *1995* budget that are not included with a

budget submission, estimates consistent with the economic and technical assumptions underlying the most recently submitted President's budget.

* * * * * * *

(14) The term "outyear" means, with respect to a budget year, any of the fiscal years that follow the budget year through fiscal year [1995] *2000*.

* * * * * * *

[(17) For purposes of sections 252 and 253, legislation enacted during the second session of the One Hundred First Congress shall be deemed to have been enacted before the enactment of this Act.

[(18)] *(17)* As used in this part, all references to entitlement authority shall include the list of mandatory appropriations included in the joint explanatory statement of managers accompanying the conference report on the Omnibus Budget Reconciliation Act of 1990.

[(19)] *(18)* The term "deposit insurance" refers to the expenses of the Federal Deposit Insurance Corporation and the funds it incorporates, the Resolution Trust Corporation, the National Credit Union Administration and the funds it incorporates, the Office of Thrift Supervision, the Comptroller of the Currency Assessment Fund, and the RTC Office of Inspector General.

[(20)] *(19)* The term "composite outlay rate" means the percent of new budget authority that is converted to outlays in the fiscal year for which the budget authority is provided and subsequent fiscal years, as follows:

(A) For the international category, 46 percent for the first year, 20 percent for the second year, 16 percent for the third year, and 8 percent for the fourth year.

(B) For the domestic category, 53 percent for the first year, 31 percent for the second year, 12 percent for the third year, and 2 percent for the fourth year.

[(21)] *(20)* The sale of an asset means the sale to the public of any asset, whether physical or financial, owned in whole or in part by the United States. The term "prepayment of a loan" means payments to the United States made in advance of the schedules set by law or contract when the financial asset is first acquired, such as the prepayment to the Federal Financing Bank of loans guaranteed by the Rural Electrification Administration. If a law or contract allows a flexible payment schedule, the term "in advance" shall mean in advance of the slowest payment schedule allowed under such law or contract.

**SEC. 251. ENFORCING DISCRETIONARY SPENDING LIMITS.**

(a) FISCAL YEARS [1991–1998] *1995–2000* ENFORCEMENT.—

(1) * * *

* * * * * * *

(b) ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS.—(1) When the President submits the budget under section 1105(a) of title 31, United States Code, for budget year [1992, 1993, 1994, 1995, 1996, 1997 or 1998] *1995, 1996, 1997, 1998, 1999, or 2000*

(except as otherwise indicated), OMB shall calculate (in the order set forth below), and the budget shall include, adjustments to discretionary spending limits (and those limits as cumulatively adjusted) for the budget year and each outyear [through 1998] *through 2000* to reflect [the following:

[(A) CHANGES IN CONCEPTS AND DEFINITIONS.—The adjustments] *the following: the adjustments* produced by the amendments made by title XIII of the Omnibus Budget Reconciliation Act of 1990 or by any other changes in concepts and definitions shall equal the baseline levels of new budget authority and outlays using up-to-date concepts and definitions minus those levels using the concepts and definitions in effect before such changes. Such other changes in concepts and definitions may only be made in consultation with the Committees on Appropriations, the Budget, Government Operations, and Governmental Affairs of the House of Representatives and Senate.

[(B) CHANGES IN INFLATION.—(i) For a budget submitted for budget year 1992, 1993, 1994, or 1995, the adjustments produced by changes in inflation shall equal the levels of discretionary new budget authority and outlays in the baseline (calculated using current estimates) subtracted from those levels in that baseline recalculated with the baseline inflators for the budget year only, multiplied by the inflation adjustment factor computed under clause (ii).

[(ii) For a budget year the inflation adjustment factor shall equal the ratio between the level of year-over-year inflation measured for the fiscal year most recently completed and the applicable estimated level for that year set forth below:

[For 1990, 1.041
[For 1991, 1.052
[For 1992, 1.041
[For 1993, 1.033

Inflation shall be measured by the average of the estimated gross national product implicit price deflator index for a fiscal year divided by the average index for the prior fiscal year.

[(iii) For a budget submitted for budget year 1996, 1997, or 1998, the adjustments shall be those necessary to reflect changes in inflation estimates since those of March 31, 1993, set forth on page 46 of House Conference Report 103–48.

[(C) CREDIT REESTIMATES.—For a budget submitted for fiscal year 1993 or 1994, the adjustments produced by reestimates to costs of Federal credit programs shall be, for any such program, a current estimate of new budget authority and outlays associated with a baseline projection of the prior year's gross loan level for that program minus the baseline projection of the prior year's new budget authority and associated outlays for that program.]

(2) When OMB submits a sequestration report under section 254(g) or (h) for fiscal year [1991, 1992, 1993, 1994, 1995, 1996, 1997, or 1998] *1995, 1996, 1997, 1998, 1999, or 2000* (except as otherwise indicated), OMB shall calculate (in the order set forth below), and the sequestration report, and subsequent budgets submitted by the President under section 1105(a) of title 31, United States Code, shall include, adjustments to discretionary spending

limits (and those limits as adjusted) for the fiscal year and each succeeding year [through 1998] *through 2000*, as follows:

[(A) IRS FUNDING.—To the extent that appropriations are enacted that provide additional new budget authority or result in additional outlays (as compared with the CBO baseline constructed in June 1990) for the Internal Revenue Service compliance initiative in any fiscal year, the adjustments for that year shall be those amounts, but shall not exceed the amounts set forth below—

[(i) for fiscal year 1991, $191,000,000 in new budget authority and $183,000,000 in outlays;

[(ii) for fiscal year 1992, $172,000,000 in new budget authority and $169,000,000 in outlays;

[(iii) for fiscal year 1993, $183,000,000 in new budget authority and $179,000,000 in outlays;

[(iv) for fiscal year 1994, $187,000,000 in new budget authority and $183,000,000 in outlays; and

[(v) for fiscal year 1995, $188,000,000 in new budget authority and $184,000,000 in outlays; and

the prior-year outlays resulting from these appropriations of budget authority.

[(B) DEBT FORGIVENESS.—If, in calendar year 1990 or 1991, an appropriation is enacted that forgives the Arab Republic of Egypt's foreign military sales indebtedness to the United States and any part of the Government of Poland's indebtedness to the United States, the adjustment shall be the estimated costs (in new budget authority and outlays, in all years) of that forgiveness.

[(C) IMF FUNDING.—If, in fiscal year 1991, 1992, 1993, 1994, or 1995 an appropriation is enacted to provide to the International Monetary Fund the dollar equivalent, in terms of Special Drawing Rights, of the increase in the United States quota as part of the International Monetary Fund Ninth General Review of Quotas, the adjustment shall be the amount provided by that appropriation.]

* * * * * * *

(E) SPECIAL ALLOWANCE FOR DISCRETIONARY NEW BUDGET AUTHORITY.—[(i) For each of fiscal years 1992 and 1993, the adjustment for the domestic category in each year shall be an amount equal to 0.1 percent of the sum of the adjusted discretionary spending limits on new budget authority for all categories for fiscal years 1991, 1992, and 1993 (cumulatively), together with outlays associated therewith (calculated at the composite outlay rate for the domestic category);

[(ii) for each of fiscal years 1992 and 1993, the adjustment for the international category in each year shall be an amount equal to 0.079 percent of the sum of the adjusted discretionary spending limits on new budget authority for all categories for fiscal years 1991, 1992, and 1993 (cumulatively), together with outlays associated therewith (calculated at the composite outlay rate for the international category);

[(iii) if, for fiscal years 1992 and 1993, the amount of new budget authority provided in appropriation Acts exceeds the discretionary spending limit on new budget authority for any

category due to technical estimates made by the Director of the Office of Management and Budget, the adjustment is the amount of the excess, but not to exceed an amount (for 1992 and 1993 together) equal to 0.042 percent of the sum of the adjusted discretionary limits on new budget authority for all categories for fiscal years 1991, 1992, and 1993 (cumulatively); and]

[(iv) if, for fiscal years 1994, 1995, 1996, 1997, and 1998] *If, for fiscal years 1995, 1996, 1997, 1998, 1999, and 2000,* the amount of new budget authority provided in appropriation Acts exceeds the discretionary spending limit on new budget authority due to technical estimates made by the Director of the Office of Management and Budget, the adjustment is the amount of the excess, but not to exceed an amount (for any one fiscal year) equal to 0.1 percent of the adjusted discretionary spending limit on new budget authority for that fiscal year.

(F) SPECIAL OUTLAY ALLOWANCE.—If in any fiscal year outlays for a category exceed the discretionary spending limit for that category but new budget authority does not exceed its limit for that category (after application of the first step of a sequestration described in subsection (a)(2), if necessary), the adjustment in outlays [is the amount of the excess, but not to exceed $2,500,000,000 in the defense category, $1,500,000,000 in the international category, or $2,500,000,000 in the domestic category (as applicable) in fiscal year 1991, 1992, or 1993, and not to exceed $6,500,000,000 in fiscal year 1994 or 1995 less any of the outlay adjustments made under subparagraph (E) for a category for a fiscal year, and not to exceed 0.5 percent of the adjusted discretionary spending limit on outlays for the fiscal year in fiscal year 1996, 1997, or 1998.] *for a category for a fiscal year shall not exceed 0.5 percent of the adjusted discretionary spending limit on outlays for that fiscal year in fiscal year 1996, 1997, 1998, 1999, or 2000.*

* * * * * * *

**SEC. 251A. SEQUESTRATION WITH RESPECT TO VIOLENT CRIME REDUCTION TRUST FUND.**

(a) * * *

(b) ELIMINATING A BUDGETARY EXCESS.—

(1) IN GENERAL.—Except as provided by paragraph (2), appropriations from the Violent Crime Reduction Trust Fund shall be reduced by a uniform percentage necessary to eliminate any amount by which estimated outlays in the budget year from the Fund exceed the following levels of outlays:

(A) For fiscal year 1995, $703,000,000.

[(B) For fiscal year 1996, $2,334,000,000.

[(C) For fiscal year 1997, $3,936,000,000.

[(D) For fiscal year 1998, $4,904,000,000.

For fiscal year 1999, the comparable level for budgetary purposes shall be deemed to be $5,639,000,000. For fiscal year 2000, the comparable level for budgetary purposes shall be deemed to be $6,225,000,000.]

*(B) For fiscal year 1996, $1,827,000,000.*

*(C) For fiscal year 1997, $3,082,000,000.*

*(D) For fiscal year 1998, $3,840,000,000.*

*(E) For fiscal year 1999, $4,415,000,000.*

*(F) For fiscal year 2000, $4,874,000,000.*

*The appropriate levels of new budget authority are as follows: for fiscal year 1996, $3,357,000,000; for fiscal year 1997, $3,915,000,000; for fiscal year 1998, $4,306,000,000; for fiscal year 1999, $5,089,000,000; and for fiscal year 2000, $5,089,000,000.*

* * * * * * *

**SEC. 252. ENFORCING PAY-AS-YOU-GO.**

(a) FISCAL YEARS [1992–1998] *1995–2000* ENFORCEMENT.—The purpose of this section is to assure that any legislation (enacted after the date of enactment of this section) affecting direct spending or receipts that increases the deficit in any fiscal year covered by this Act will trigger an offsetting sequestration.

* * * * * * *

(d) OMB ESTIMATES.—As soon as practicable after Congress completes action on any direct spending or receipts legislation enacted after the date of enactment of this section, after consultation with the Committees on the Budget of the House of Representatives and the Senate, CBO shall provide OMB with an estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year [1998] *2000* resulting from that legislation. Within 5 calendar days after the enactment of any direct spending or receipts legislation enacted after the date of enactment of this section, OMB shall transmit a report to the House of Representatives and to the Senate containing such CBO estimate of that legislation, an OMB estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year [1998] *2000* resulting from that legislation, and an explanation of any difference between the two estimates. Those OMB estimates shall be made using current economic and technical assumptions. OMB and CBO shall prepare estimates under this paragraph in conformance with scorekeeping guidelines determined after consultation among the House and Senate Committees on the Budget, CBO, and OMB.

(e) EMERGENCY LEGISLATION.—If, for any fiscal year from [1991 through 1998] *1995 through 2000*, a provision of direct spending or receipts legislation is enacted that the President designates as an emergency requirement and that the Congress so designates in statute, the amounts of new budget authority, outlays, and receipts in all fiscal years [through 1995] *through 2000* resulting from that provision shall be designated as an emergency requirement in the reports required under subsection (d). This subsection shall not apply to direct spending provisions to cover agricultural crop disaster assistance.

*(f) SPECIAL RULE ON INTERRELATIONSHIP BETWEEN SECTIONS 251 AND 252.—(1) Whenever a reconciliation Act decreases the discretionary spending limits for outlays and provides that that decrease shall be used to offset all or part of an increase in direct spending or decrease in receipts (or both) in that Act and reduces the discretionary spending limits for budget authority by an amount equal to or greater than the amount that budget authority would be as cal-*

*culated using the composite spendout rate, then the reduction in receipts or increase in outlays for direct spending (that is so offset) shall not be reflected in estimates under subsection (d).*

*(2) As used in this subsection:*

*(A) The term "composite spendout rate" means a computational relationship between outlays and new budget authority as follows: 60 percent for the first year, 22 percent for the second year, 12 percent for the third year, 4 percent for the fourth year, and 1 percent for the fifth year.*

*(B) The term "reconciliation Act" refers to a reconciliation bill (as used in section 310 of the Congressional Budget Act of 1974) after it is enacted into law.*

* * * * * * *

**SEC. 254. REPORTS AND ORDERS.**

(a) * * *

* * * * * * *

(d) SEQUESTRATION PREVIEW REPORTS.—

(1) * * *

(2) DISCRETIONARY SEQUESTRATION REPORT.—The preview reports shall set forth estimates for the current year and each subsequent year through [1998] *2000* of the applicable discretionary spending limits for each category and an explanation of any adjustments in such limits under section 251.

* * * * * * *

(g) FINAL SEQUESTRATION REPORTS.—

(1) * * *

(2) DISCRETIONARY SEQUESTRATION REPORTS.—The final reports shall set forth estimates for each of the following:

(A) For the current year and each subsequent year through [1998] *2000* the applicable discretionary spending limits for each category and an explanation of any adjustments in such limits under section 251.

* * * * * * *

(3) PAY-AS-YOU-GO AND DEFICIT SEQUESTRATION REPORTS.—The final reports shall contain all the information required in the pay-as-you-go and deficit sequestration preview reports. In addition, these reports shall contain, for the budget year, for each account to be sequestered, estimates of the baseline level of sequestrable budgetary resources and resulting outlays and the amount of budgetary resources to be sequestered and resulting outlay reductions. The reports shall also contain estimates of the effects on outlays of the sequestration in each outyear through [1998] *2000* for direct spending programs.

* * * * * * *

**[SEC. 258. MODIFICATION OF PRESIDENTIAL ORDER.**

[(a) INTRODUCTION OF JOINT RESOLUTION.—At any time after the Director of OMB issues a report under section 251(c)(2) for a fiscal year, but before the close of the tenth calendar day of session in that session of Congress beginning after the date of issuance of such report, the majority leader of either House of Congress may introduce a joint resolution which contains provisions directing the

President to modify the most recent order issued under section 252 for such fiscal year. After the introduction of the first such joint resolution in either House of Congress in any calendar year, then no other joint resolution introduced in such House in such calendar year shall be subject to the procedures set forth in this section.

[(b) PROCEDURES FOR CONSIDERATION OF JOINT RESOLUTIONS.—

[(1) NO REFERRAL TO COMMITTEE.—A joint resolution introduced in the Senate or the House of Representatives under subsection (a) shall not be referred to a committee of the Senate or the House of Representatives, as the case may be, and shall be placed on the appropriate calendar pending disposition of such joint resolution in accordance with this subsection.

[(2) IMMEDIATE CONSIDERATION.—On or after the third calendar day (excluding Saturdays, Sundays, and legal holidays) beginning after a joint resolution is introduced under subsection (a), notwithstanding any rule or precedent of the Senate, including Rule 22 of the Standing Rules of the Senate, it is in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the joint resolution, and all points of order against the joint resolution (and against consideration of the joint resolution) are waived, except for points of order under titles III or IV of the Congressional Budget Act of 1974. The motion is not in order after the eighth calendar day (excluding Saturdays, Sundays, and legal holidays) beginning after a joint resolution (to which the motion applies) is introduced. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the joint resolution is agreed to, the respective House shall immediately proceed to consideration of the joint resolution without intervening motion, order, or other business, and the joint resolution shall remain the unfinished business of the respective House until disposed of.

[(3) DEBATE.—

[(A) In the Senate, debate on a joint resolution introduced under subsection (a), amendments thereto, and all debatable motions and appeals in connection therewith shall be limited to not more than 10 hours, which shall be divided equally between the majority leader and the minority leader (or their designees). In the House, general debate on a joint resolution introduced under subsection (a) shall be limited to not more than 4 hours which shall be equally divided between the majority and minority leaders.

[(B) A motion to postpone, or a motion to proceed to the consideration of other business is not in order. A motion to reconsider the vote by which the joint resolution is agreed to or disagreed to is not in order. In the Senate, a motion to recommit the joint resolution is not in order. In the

House, a motion further to limit debate is in order and not debatable. In the House, a motion to recommit is in order.

[(C)(i) In the House of Representatives, an amendment and any amendment thereto is debatable for not to exceed 30 minutes to be equally divided between the proponent of the amendment and a Member opposed thereto.

[(ii) No amendment that is not germane or relevant to the provisions of the joint resolution or to the order issued under section 252(b)(1) shall be in order in the Senate. In the Senate, an amendment, any amendment to an amendment, or any debatable motion or appeal is debatable for not to exceed 30 minutes to be equally divided between the majority leader and the minority leader (or their designees).

[(iii) In the Senate, an amendment that is otherwise in order shall be in order notwithstanding the fact that it amends the joint resolution in more than one place or amends language previously amended. It shall not be in order in the Senate to vote on the question of agreeing to such a joint resolution or any amendment thereto unless the figures then contained in such joint resolution or amendment are mathematically consistent.

[(4) VOTE ON FINAL PASSAGE.—Immediately following the conclusion of the debate on a joint resolution introduced under subsection (a), a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, and the disposition of any amendments under paragraph (3) (except for the motion to recommit in the House of Representatives), the vote on final passage of the joint resolution shall occur.

[(5) APPEALS.—Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a joint resolution described in subsection (a) shall be decided without debate.

[(6) CONFERENCE REPORTS.—In the Senate, points of order under titles III and IV of the Congressional Budget Act of 1974 (including points of order under sections 302(c), 303(a), 306, and 401(b)(1)) are applicable to a conference report on the joint resolution or any amendments in disagreement thereto.

[(7) RESOLUTION FROM OTHER HOUSE.—If, before the passage by the Senate of a joint resolution of the Senate introduced under subsection (a), the Senate receives from the House of Representatives a joint resolution introduced under subsection (a), then the following procedures shall apply:

[(A) The joint resolution of the House of Representatives shall not be referred to a committee.

[(B) With respect to a joint resolution introduced under subsection (a) in the Senate—

[(i) the procedure in the Senate shall be the same as if no joint resolution had been received from the House; but

[(ii)(I) the vote on final passage shall be on the joint resolution of the House if it is identical to the joint resolution then pending for passage in the Senate; or

[(II) if the joint resolution from the House is not identical to the joint resolution then pending for passage in the Senate and the Senate then passes it, the Senate shall be considered to have passed the joint resolution as amended by the text of the Senate joint resolution.

[(C) Upon disposition of the joint resolution received from the House, it shall no longer be in order to consider the resolution originated in the Senate.

[(8) SENATE ACTION ON HOUSE RESOLUTION.—If the Senate receives from the House of Representatives a joint resolution introduced under subsection (a) after the Senate has disposed of a Senate originated resolution which is identical to the House passed joint resolution, the action of the Senate with regard to the disposition of the Senate originated joint resolution shall be deemed to be the action of the Senate with regard to the House originated joint resolution. If it is not identical to the House passed joint resolution, then the Senate shall be considered to have passed the joint resolution of the House as amended by the text of the Senate joint resolution.]

* * * * * * *

**SEC. 275. EFFECTIVE DATES.**

(a) * * *

(b) EXPIRATION.—Part C of this title, section 271(b) of this Act, and sections 1105(f) and 1106(c) of title 31, United States Code, shall expire September 30, [1995] *2000*.

* * * * * * *

## SECTION 310002 OF THE VIOLENT CRIME CONTROL AND LAW ENFORCEMENT ACT OF 1994

**SEC. 310002. CONFORMING REDUCTION IN DISCRETIONARY SPENDING LIMITS.**

Upon enactment of this Act, the discretionary spending limits set forth in section 601(a)(2) of the Congressional Budget Act of 1974 (2 U.S.C. 665(a)(2)) (as adjusted in conformance with section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985, and in the Senate, with section 24 of House Concurrent Resolution 218 (103d Congress)) for fiscal years 1995 through 1998 are reduced as follows:

(1) * * *

* * * * * * *

[For fiscal year 1999, the comparable amount for budgetary purposes shall be deemed to be $6,500,000,000 in new budget authority and $5,639,000,000 in outlays. For fiscal year 2000, the comparable amount for budgetary purposes shall be deemed to be $6,500,000,000 in new budget authority and $6,225,000,000 in outlays.]

## SECTION 14002 OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1993

**SEC. 14002. DISCRETIONARY SPENDING LIMITS.**

(a) * * *

* * * * * * *

(c) CONFORMING AMENDMENTS.—(1) * * *

* * * * * * *

[(3) EXPIRATION.—(A) Notwithstanding section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, sections 250, 251, 252, and 254 through 258C of that Act shall expire on September 30, 1998.

[(B) Section 607 of the Congressional Budget Act of 1974 is amended by striking "shall apply to fiscal years 1991 to 1995" and inserting "shall apply to fiscal years 1991 to 1998".]

* * * * * * *

## VIEWS OF COMMITTEE MEMBERS

Clause (2)(l)(5) of rule XI requires each committee to afford a 3-day opportunity for members of the committee to file additional, minority, or dissenting views and to include the views in its report. Although neither requirement applies to the committee, the committee always makes the maximum effort to provide its members with such an opportunity. The following views were submitted.

## MINORITY VIEWS

This bill mandates real and substantial cuts in discretionary spending over the next 5 years. Yet it does not allow these spending cuts to reduce the Federal budget deficit. Instead, the savings from cutting discretionary programs—along with the savings from other bills cutting child nutrition, food stamps, welfare, and other programs—are diverted to pay for the Republican tax cut plan.

We strongly dissent from the committee's action in approving H.R. 1219. First, discretionary spending has already been cut substantially over the last 5 years and it is not the portion of the budget that is driving up the deficit. Second, if cuts of this magnitude are made, they should be used to reduce the budget deficit and not to offset the cost of an ill-advised and badly designed tax bill.

The Budget Committee's No. 1 priority at this point should be developing a plan to balance the budget. H.R. 1219 does nothing to further this goal. On the contrary, it makes the long-term deficit problem worse, by accommodating tax cuts whose costs explode just outside the 5-year budget estimating window. This bill should be defeated—or at least deferred. The Budget Committee should then get to work on a serious budget plan that cuts the deficit while protecting high-priority government services.

In placing a far higher priority on tax cuts than deficit reduction, the Republican Majority in the House is seriously out of step with the public. In each of the five field hearings held by the Budget Committee earlier this year, members asked the audience for a show of hands on whether spending cuts should be used to reduce taxes or to reduce the deficit. Each time, the response was overwhelmingly in favor of using spending cuts to cut the deficit. The same question was also put to various economists who appeared before the committee this year. Each of these witnesses, too, indicated that their first priority would be deficit reduction. Unfortunately, the Majority has chosen to ignore all this advice.

### CUTTING DEFICITS LAST

The new Majority made numerous claims about the impact of its bill on the budget. Some of their assertions are true, but others need to be examined closely. No one can deny that this bill cuts spending by lowering the discretionary caps. Nor is there a dispute that associated legislation cuts spending in entitlement programs such as child nutrition, food stamps, and Medicare. But one has to question the Republican claim that the spending cuts not only pay for the tax cuts in the Contract With America, but also reduce the deficit. Indeed, reducing the deficit must have been the last thing on the Majority's mind when they put together this package. How else can one explain that the deficit eventually goes up—not down—under the Republican plan.

According to the Majority's figures, H.R. 1219 will cut spending by $100 billion over the next 5 years by lowering the discretionary caps. The Majority also cites entitlement cuts totaling $90 billion from the other legislation they are using to pay for the tax cuts, including the welfare reform bill, Medicare changes reported by the Ways and Means Committee, and changes in Federal employee pensions. (Interestingly, the Budget Committee Majority is counting the pension changes as part of its spending cut package, even though the committee of jurisdiction has so far been unable to approve these changes.) According to the Joint Committee on Taxation, the 5-year cost of the Republican tax cut bill is $189 billion. Thus, the net effect of combining the spending cuts with the tax cuts is to reduce the deficit by just $1 billion over 5 years.

But this 5-year calculation masks the true impact on annual deficits. After just 3 years, the Republican plan actually begins to increase the deficit. The spending cuts fail to keep pace with the cost of the rapidly growing tax cuts. The Majority's own figures show the tax cuts overwhelming the spending cuts by 1999, with a substantial increase in the deficit by 2000.

In the years after 2000, this gap will grow steadily wider as the cost of the tax cuts explode. As discussed in more detail later, the Contract With America tax cuts are extremely backloaded. That is, their cost during the first 5 years is much smaller than their cost over the next 5 years. In other words, the entire Republican tax and spending cut package will be driving the deficit upward at exactly the same time the budget is supposed to be coming into balance.

DEFICIT IMPACT OF REPUBLICAN TAX AND SPENDING CUTS

[In billions of dollars]

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 1995–2000 |
|---|---|---|---|---|---|---|---|
| Tax cuts | −1 | −12 | 29 | 43 | 58 | 72 | 189 |
| Spending cuts | — | −14 | −31 | −41 | −49 | −55 | −190 |
| Difference | −1 | −26 | −2 | 2 | 10 | 16 | −1 |
| Interest savings from changes | — | −1 | −2 | −2 | −2 | −1 | −7 |

How is it then that the Majority can claim that H.R. 1219 would actually reduce the deficit by $91 billion? How do they start with spending cuts of $190 billion, subtract tax cuts of $189 billion, and end up with deficit reduction of $91 billion? The answer is that the $91 billion results from use of an inflated baseline—the very baseline the Republicans claimed to be banishing in their new rules for the 104th Congress. Specifically, the Majority's claim of deficit reduction comes from assuming that discretionary spending would otherwise increase with the rate of inflation once the caps expire after fiscal year 1998. The Majority counts the difference between inflation and a freeze as deficit reduction, and adds further "savings" in interest costs. In other words, in order to claim that they reduce the deficit, the new Majority relies on the very same inflated baseline that they have vilified for so many years.

The Republicans' unwillingness to redirect savings from tax cuts to deficit reduction was further demonstrated by the confusion over the Brewster "lockbox" amendment that broke out during the

markup of H.R. 1219. The Brewster amendment devoted to deficit reduction not only the immediate savings from the rescission bill but also additional savings from assuming comparable cuts in each of the next 3 years. The Republican leadership claimed that it agreed to use only $9 billion for deficit reduction. When they discovered that the Brewster amendment locked up far more than that for deficit reduction, they vowed to change the amendment—even though the House had overwhelmingly approved it by a vote of 418 to 5 the night before.

The flaws in the Republican plan need to be exposed. The new Majority has manipulated the 5-year window of the congressional budget process in an attempt to hide the real deficit impact of their tax cuts, which explode beyond the year 2000. Moreover, they rely on an inflated baseline to claim deficit reduction, and they use 5-year deficit reduction totals to hide the fact that this bill adds to the deficit starting in 1999.

## DEEP CUTS IN DISCRETIONARY SPENDING

The core of H.R. 1219 is lowering the current caps on discretionary spending and extending them for 2 more years through the year 2000. The new caps decline steadily from year to year. The bill also includes special language allowing the resulting savings to be used to pay for the Contract With America tax cut.

DISCRETIONARY SPENDING—INCLUDES BOTH GENERAL PURPOSE AND CRIME TRUST FUND

[In billions of dollars]

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|---|
| Proposed Caps: | | | | | | |
| Budget authority | (1) | 506.4 | 501.7 | 493.4 | 496.7 | 497.4 |
| Outlays | (1) | 539.8 | 534.9 | 527.5 | 526.5 | 526.6 |
| Existing Caps: | | | | | | |
| Budget authority | 519.5 | 521.7 | 534.9 | 541.6 | (1) | (1) |
| Outlays | 547.1 | 551.7 | 553.4 | 556.5 | (1) | (1) |

[1] Not applicable.

Under the bill, discretionary outlays drop to $527 billion in the year 2000. That would be the lowest level, in nominal terms, since 1990. Adjusted for inflation, it reflects the lowest level since 1976. Republicans recently announced that their goal for future defense spending will be a freeze at the 1995 level, or about $270 billion in outlays. As a result, the entire $100 billion cut would come out of nondefense programs. In real terms, spending on nondefense programs will be 20 percent lower in 2000 than in 1995 under the Republican plan.

H.R. 1219 also includes language clarifying that the caps set in the bill will be adjusted to reflect changes in the caps called for in the welfare reform bill (H.R. 1214) and the 1995 rescission bill (H.R. 1158). The net effect of these two changes will be to lower the caps below the levels set in the bill.

The welfare reform bill proposes cap adjustments to accommodate increases in discretionary authorizations for block grant programs, primarily for child care and family nutrition. These authorizations are anticipated to require an upward cap adjustment totaling about $13 billion in budget authority and outlays over 5 years.

The 1995 rescission bill passed by the House includes the so-called "lockbox" language offered by Representative Brewster. The lockbox requires that the caps be adjusted downward to reflect the impact of 1995 rescissions, ensuring that all of the savings go toward deficit reduction. In addition, the language requires a further downward adjustment in the caps after 1995 "calculated by inflating the amount of the rescission using the baseline procedures." The combined effect of this language is to lower the outlay caps by more than $35 billion through 1998. If the adjustment were extended to match the new caps in H.R. 1219, it could total more than $60 billion through 2000.

Because the bill adds lockbox savings to its other cap reductions, the Majority's list of illustrative spending cuts contains double-counting. The list, which displays possible cuts to achieve the $100 billion in discretionary reductions required by the bill, includes several programs that are cut or eliminated in the 1995 rescission bill. Programs that appear in both the illustrative list and the rescission bill include training and employment programs, low-income home energy assistance [LIHEAP], Community Development Financial Institutions, and various housing programs. To use these savings to also meet the cap reductions required by H.R. 1219 is to double-count, and to offer a misleading picture of the steps needed to comply with the pending legislation. The illustrative list is not sufficient. More has to be cut when double-counts are taken out.

THIS YEAR'S "STEALTH" BUDGET PROCESS

The confusion over the budgetary impact of the Republican plans is not surprising given the nature of the process they have used this session in order to push through the Contract With America. Normally, Congress first adopts a budget plan (in the form of a congressional budget resolution), and only then begins acting on specific spending and tax legislation. This year, the new Majority seems to have decided to act first and adopt a plan later. If there is some sort of an overall budget plan guiding the Majority's action, it is a "stealth" budget—secret and almost invisible.

The Congressional Budget Act requires Congress to complete action on a budget resolution by April 15 of each year. The purpose of the resolution is to guide action on subsequent tax and spending measures. It sets targets for spending, revenues and deficits, indicates the amounts by which tax revenues and spending levels should be increased or decreased, and apportions any required spending cuts among committees. Formulating the annual budget resolution is the Budget Committee's principal responsibility.

The April 15 deadline for finishing the resolution is fast approaching, but the Budget Committee hasn't even started work. In each of the last 3 years, the House had already passed the resolution by mid-March. This year, the new Majority has acknowledged that no effort will be made to meet the deadline set by law, and that the committee will not even begin markup until May.

Instead of doing what it is supposed to be doing—and what would be useful for it to be doing—the Budget Committee Majority has been preoccupied with trying to cobble together an ad hoc package of spending cuts to allow a massive tax cut bill to be

brought to the House floor before a budget resolution is in place. The process bears some resemblance to the budget reconciliation process, but the resemblance is merely superficial. Normally, reconciliation involves setting targets in a budget resolution and voting on them in a very public manner. Then various House committees formulate legislation in response to those targets, also in a very public manner. This year, however, committees have been told to formulate and report legislation in response to targets set in secret, never publicly disclosed, and never voted on in public.

If the Majority had followed regular procedure and brought forth a budget resolution, they would have had to lay out an overall plan, showing how much taxes would be cut, how much spending would be cut, where the cuts would fall, and what the resulting deficits would be. There then would have been an open, public debate about the size of the tax cut that is feasible, given the overriding goal of reducing the deficit. There also would have been an open, public debate about spending priorities and how the necessary spending cuts should be apportioned.

The Budget Committee Majority can hardly claim lack of time as an excuse for failing to act on a budget resolution. Apart from this bill, the committee has done no legislative business at all this session. Although several Contract With America bills were referred to the Budget Committee, it did not hold a single hearing or markup on any of these measures and instead repeatedly allowed itself to be discharged without acting. Clearly, it is not the press of other business that has prevented the Budget Committee from meeting its statutory responsibility to report a budget resolution.

Perhaps the real reason for the Majority's reluctance to take up a budget resolution is that they find themselves with a budget policy that makes very little sense. Faced with a strong mandate to reduce the deficit, the last place we should start is with a big tax cut. And some of the programs, such as child nutrition, that the Republicans have chosen to cut first to pay for their tax cut are programs that many people would prefer to cut only as a last resort.

## CUTTING TAXES FIRST

The purpose of this bill is solely to pay for the tax cuts in the Contract With America. We believe that these tax cuts pose such serious long-term budget problems that they should be discussed here, even though the specifics of the tax-cutting proposals are not in the jurisdiction of this committee.

The tax cuts reported by the Ways and Means Committee take the goal of balancing the budget further out of reach. Even if this bill and companion legislation pay for the tax cut through the year 2000, they do not pay for revenue losses after that time. This occurs for two reasons.

First the revenue losses from the tax cuts grow dramatically over time because some of the cuts are phased in over several years while others have special features that reduce their front-end costs. (See Figures 1 through 5.) Second many of the spending cuts used to pay for the tax bill expire after the year 2000.

The revenue losses from the tax package start to exceed the spending cuts in the year 1999. Later, outside the 5-year budget es-

timating window, these revenue losses explode—further compounding our already serious deficit problems.

The last time the leaders of this country promised to balance the budget, strengthen defense, and cut taxes was 1981. The multiyear income tax cuts enacted in 1981 did not pay for themselves by expanding the economy. For example, individual income tax revenues fell from 9.6 percent of GDP in 1981 to 8.1 percent in 1984. After 1981, budget deficits exploded. Budget deficits have left a legacy of very high debt, and 13 years later it takes one-seventh of the budget to pay the interest on the debt.

A second set of concerns involves who bears the burden of these changes. Working middle-class families have suffered from stagnation in their incomes for the last two decades, while those at the top have enjoyed substantial gains. Yet the Ways and Means bill includes substantial tax cuts that mostly benefit those at the top. (See Figure 6.)

The proposed children's tax credit, the heart of the middle-class tax relief in the package, is ultimately overshadowed by the combination of other tax cuts. (See Figure 7.) These include the proposed Neutral Cost Recovery System, elimination of the corporate minimum tax, and capital gains tax changes, all of which flow mostly to the affluent.

One of the few changes to the contract made by the Ways and Means Committee shifted resources from children in lower-income families to corporations. This happened when the committee eliminated partial refundability of the children's tax credit which was contained in the contract and used the resulting savings to pay for a phase-out of the minimum tax for corporations.

Because of this elimination, 34 percent of America's children are ineligible for the credit as their families' incomes are too low. In contrast, only 1 percent are denied the credit because their families' incomes are too high. (See Figure 8.)

While the tax cuts are heavily tilted to the affluent, the spending cuts will probably tilt in the opposite direction—against lower-income families. Most of the spending cuts are not specific since they come from lower caps on future appropriations, but the current rescission bill is a preview of likely priorities. And that rescission bill places a disproportionate share of its burden on lower-income families.

## CONCLUSION

Debate on a budget resolution would bring these issues out into the open. For all these reasons, we believe the Budget Committee should first proceed to develop a budget resolution. Action on this bill, the tax bill, and any other major spending and tax changes should be deferred until a budget has been agreed on. Only then will Congress know what size tax cut, if any, can be afforded and which spending cuts are needed.

Figure 1

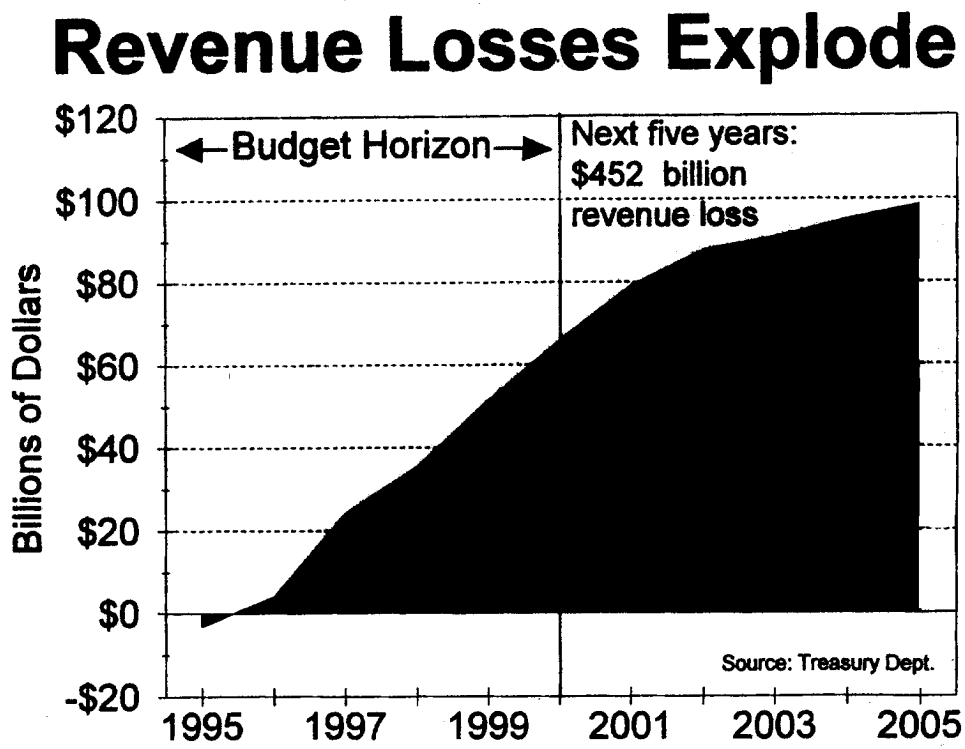

Revenue Losses Explode
Budget Horizon
Next five years:
$452 billion
revenue loss
Billions of Dollars
$120
$100
$80
$60
$40
$20
$0
-$20
1995
1997
1999
2001
2003
2005
Source: Treasury Dept.

Figure 2

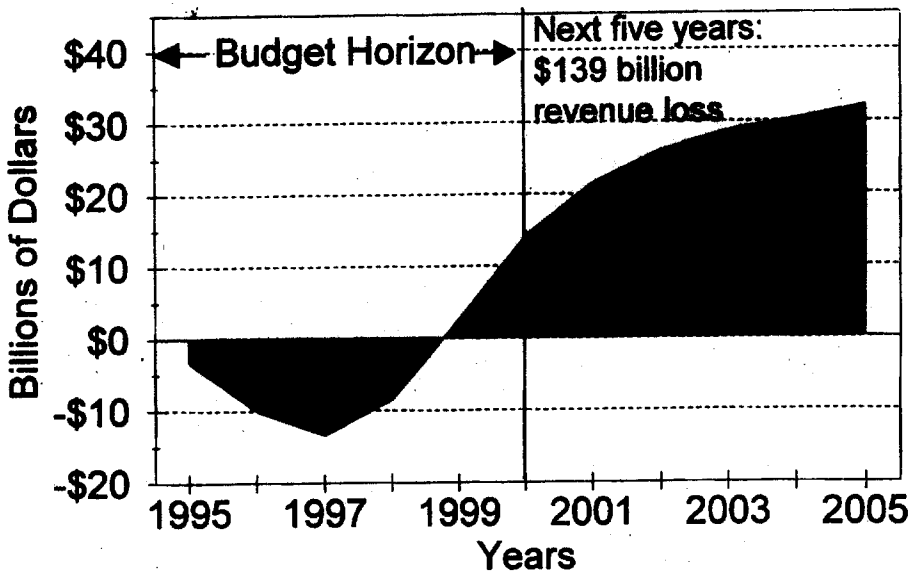
## REVENUE LOSSES ARE PUSHED OUTSIDE THE BUDGET HORIZON, BECAUSE ...

- ✓ Neutral cost recovery is back-loaded.
- ✓ Neutral cost recovery for equipment is a timing shift.
- ✓ Capital gains inflation-indexing grows over time.
- ✓ Requiring taxpayers to "mark-to-market" to get inflation-indexing is a one-time budget gimmick that raises revenue up front but loses revenue later on.
- ✓ American Dream Savings Accounts are back-loaded.
- ✓ Rollovers to American Dream Savings accounts are a one-time budget gimmick that raises revenue up front but loses revenue later on.
- ✓ Full effects of many other provisions are delayed by phase-ins.

Figure 3

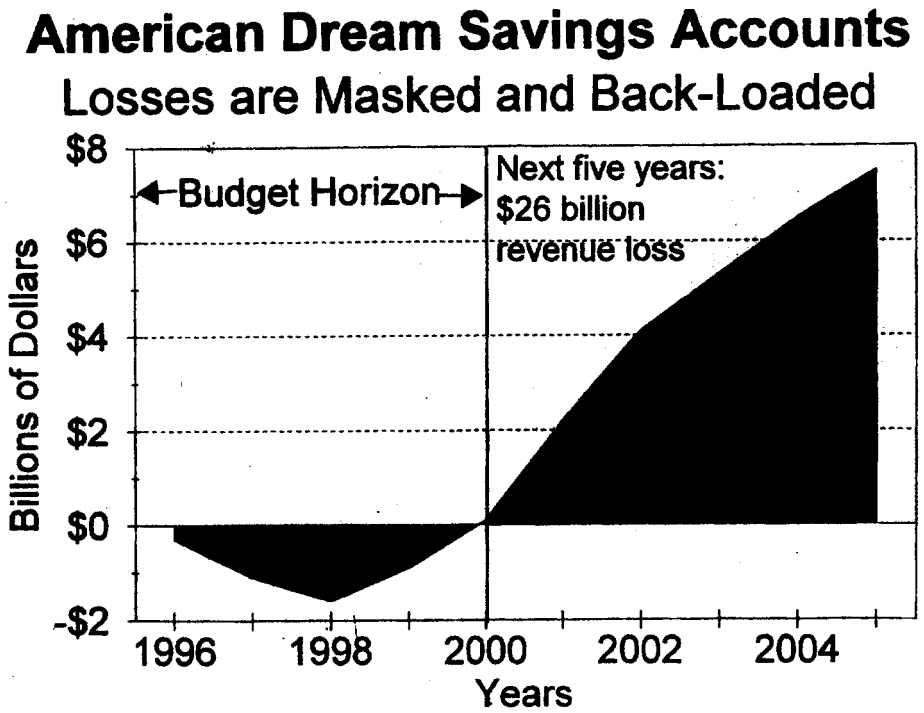
# Neutral Cost Recovery

## Revenue losses are masked for 5 years




Source: Treasury Dept.

Figure 4

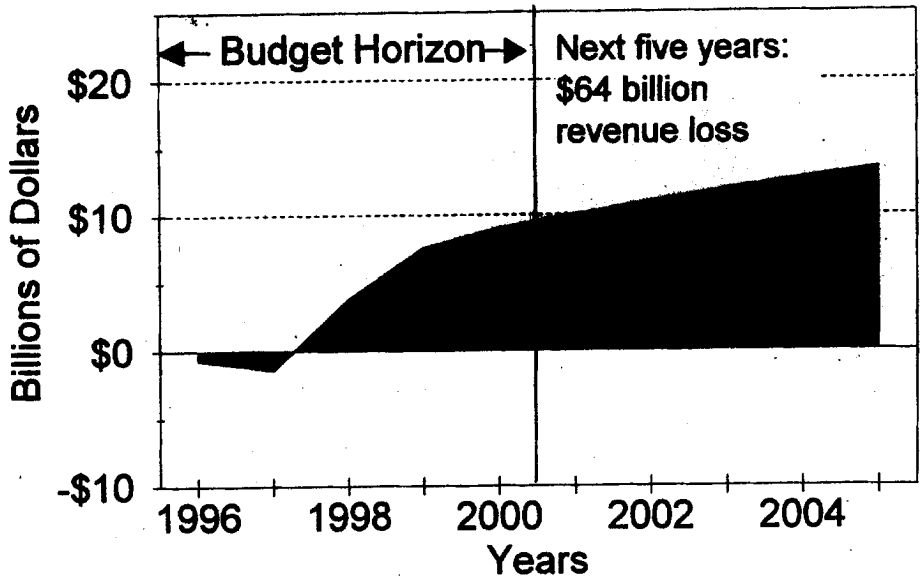



Source: Treasury Dept.

Figure 5

# Capital Gains Tax Cuts

## Revenue losses more than double




Source: Treasury Dept.

Figure 6

## "Contract" Annual Tax Benefits Per Household By Income Group

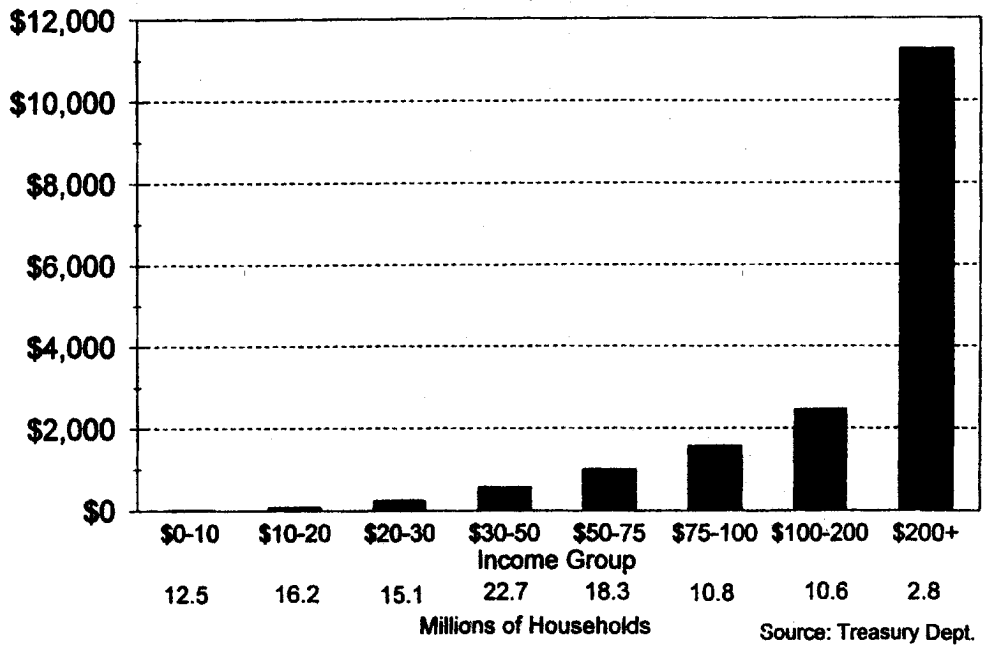
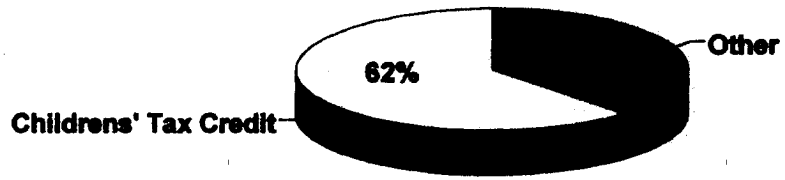


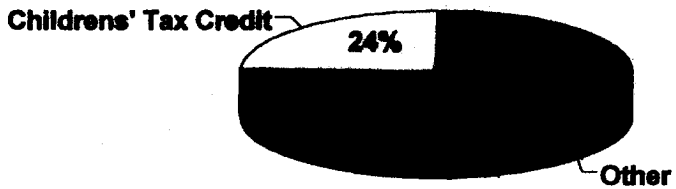
Figure 7

# Childrens' Tax Credit Is Ultimately Overshadowed By Other Tax Cuts

## Budget Horizon



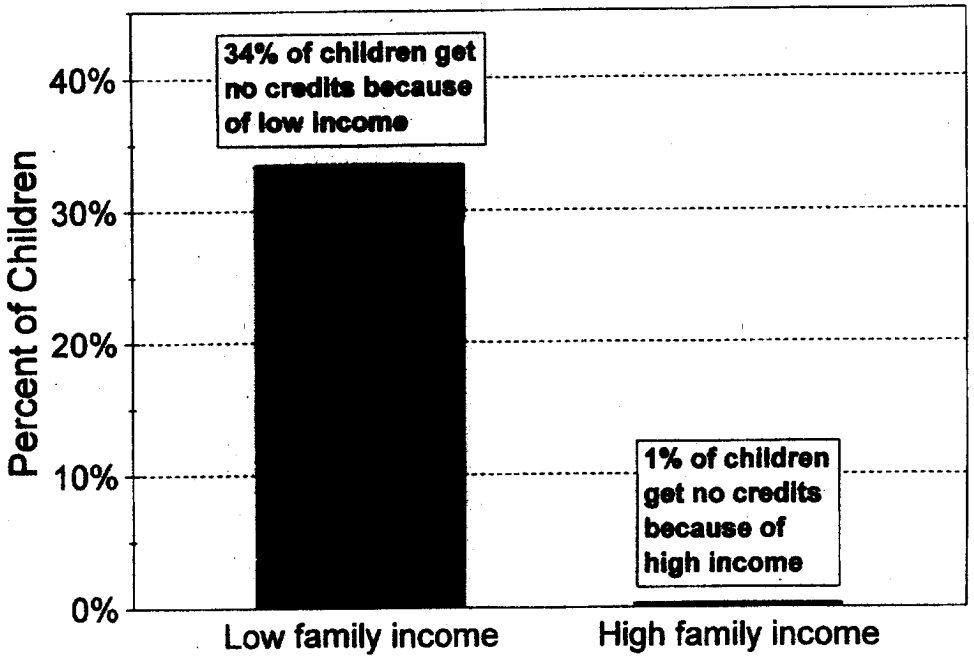

## Year 2005




Source: Treasury Dept.

Figure 8

# 35% Of Children Do Not Get Tax Credit




Source: CBO tabulations

MARTIN O. SABO.
HARRY JOHNSTON.
JERRY F. COSTELLO.
JOHN W. OLVER.
LUCILLE ROYBAL-ALLARD.
EARL POMEROY.
LLOYD DOGGETT.
WILLIAM H. ORTON.
LYNN N. RIVERS.
WILLIAM J. COYNE.
PATSY T. MINK.
CHARLES STENHOLM.
LOUISE SLAUGHTER.
CARRIE P. MEEK.
GLEN BROWDER.
ALAN MOLLOHAN.
LYNN WOOLSEY.

## DISSENTING VIEWS OF HON. GLEN BROWDER

The enforcement mechanism adopted into this bill by the majority is an unconscionable choice for a civil and good government to make. Under its provisions, if the tax breaks in the "Contract With America Tax Relief Act of 1995" are adopted this year, then in future years, to the extent that revenue losses are greater than anticipated, we will sequester those losses in mandatory spending programs. This mechanism unfairly shifts the risks so that veterans, Medicare recipients, and the poor will bear any losses, while the wealthy and large corporations, the main beneficiaries of the proposed tax relief, enjoy most of the profits.

The appropriate enforcement mechanism would ask the beneficiaries of the tax breaks to take the risk. I have introduced legislation to do that in "The Balanced Budget Dividend Act." Under its provisions, should Congress fail to meet its deficit targets, then the tax breaks are repealed. The Committee would have shown more fairness had it adopted such an enforcement mechanism.

I am disappointed, too, that the House Budget Committee in the first exercise of its new legislative jurisdiction, is taking steps to undermine the deficit reduction mechanisms in the Balanced Budget and Emergency Deficit Control Act.

We should not liberalize the current budget rules to allow discretionary cuts to be scored under PAYGO. A reduction in the caps on discretionary spending is a temporary change in policy (currently lasting no more than five years). A tax cut or a new mandatory spending program, unless it is specifically sunsetted, represents a permanent change in our revenue to spending ratios. If we cut mandatory programs to pay for a tax break, it can be assumed that the revenue losses are offset until Congress acts to increase spending. However, a tax break paid for by temporarily setting lower discretionary caps cannot be assumed to be offset beyond the five-year budget window.

Providing a method for increasing mandatory spending by making unspecified cuts in discretionary programs is also shortsighted. This course especially jeopardizes defense. Current law has acted as a kind of "firewall" between discretionary and mandatory spending since Congress cannot raid one to support new benefits in the other. National defense has always suffered during peace time and the majority's action exposes defense funding to new pressures from the mandatory side.

The Budget Committee majority should not have recommended this bill to the House. It carries an unconscionable enforcement mechanism that shifts the risk for tax cuts onto Americans who will not benefit from the cuts and are least able to bear the risks, and it creates another budget "gimmick" that could ultimately en-

danger the security of this country. The House should reject this bill.

GLEN BROWDER.

## DISSENTING VIEWS OF CONGRESSWOMAN SLAUGHTER

On March 16, 1995, I voted against H.R. 1219 "Discretionary Spending and Control Act of 1995." This legislation represents a direct assault on women's health research and crime prevention, all for the purpose of costly tax breaks for the wealthy. In 1993, Congress approved a major deficit reduction plan that has reduced the deficit for three straight years without sacrificing major investment programs.

During consideration of H.R. 1219, I offered a simple, yet important amendment to protect women's health research from the draconian cuts proposed in this legislation. Until very recently, women's health research was ignored both in public and private research. At the same time, the number of women diagnosed with breast and ovarian cancer has dramatically increased. However, in FY94 and FY95, this Committee recognized the historic inequities in women's health research and provided adequate funding to ensure that the unique nature of women's health and growing breast cancer epidemic were addressed at the National Institute of Health (NIH). My amendment would have ensured that the $600 million provided in FY95 for women's health research remained constant and not reduced.

H.R. 1219 is part of a "family friendly" agenda called for in the Republican Contract. Give families $500 and all the social evils and problems disappear. However, H.R. 1219 will require major reductions in women's health research. Now we are no longer talking about tax credits, but saving women's lives. My amendment to protect women's health research was defeated along party lines. Not one Republican felt that protecting women's lives and ending the breast cancer epidemic was worth supporting. This is not family friendly, but deadly to millions of women. I gave each Member of the Committee the chance to show that they truly supported a family friendly agenda. What could be more family friendly than saving the lives of mothers, grandmothers, daughters, and sisters? It is estimated that close to half a million women will be diagnosed with breast cancer in the 1990's. We can do more to help these families by providing adequate levels of funding for women's health research than any tax give-away. The increased funding for breast cancer research has already reaped significant rewards. The discovery of a breast cancer gene is a major breakthrough which will dramatically increase early detection and end the "diagnosis of death." The defeat of my amendment is a major defeat for all women and families in this country.

I am also deeply concerned about the cuts in the Crime Trust Fund. We made a commitment to our communities for more cops on the beat, more education and prevention, more action to stop violence against women and children, and swift prosecution against violent offenders. For the Chairman to admit that H.R. 1219 cuts

the funds available for these important priorities is an admission that the Republican Contract is more about rhetoric than real action.

LOUISE SLAUGHTER.

## ADDITIONAL VIEWS OF REPRESENTATIVE JERRY F. COSTELLO

As a member of this Committee, I have had the opportunity to study the effects of our national budget deficit and our national debt on our standard of living and our ability to remain competitive in the world marketplace. In the past two years we have made great inroads in cutting federal spending in order to bring our fiscal crisis under control. However, even more must be done. I am concerned by the action taken by the majority of this Committee in its passage of H.R. 1219 in the name of deficit reduction.

Double-counting and budget process trickery in order to provide a tax cut to upper-income Americans have no place in our budget process. I remember well the trickle-down economics of the Reagan Administration that resulted in exploding budget deficits. Have we not learned from this disastrous economic policy? While tax breaks may have seemed like a good idea during the 1980s, the legacy is a $4 trillion debt that threatens the lives and prosperity of future generations. This is not legacy I, in good conscience, can leave to my children and grandchildren.

At a time when we are on the path to real deficit reduction, cuts in discretionary spending to pay for tax cuts for the wealthy is irresponsible fiscal policy. According to Treasury Department calculations, the Republican tax cuts benefit the wealthy, with more than 51 percent of the tax breaks going to families earning $100,000 or more a year, while less than five percent will go to families earning up to $30,000.

Moreover, I have grave concerns about the programs that must be cut to pay for this tax giveaway. The tax cut will cost $190 billion over five years. In real terms, this means all discretionary domestic spending must be cut by more than one-fifth. I agree that hard choices need to be made to reduce the deficit, but these programs are going to be cut in order to give the richest Americans a tax break. Clearly, this is not positive tax reform. Hard-working American families will feel the effects of spending cuts. The school lunch program, heating assistance for the elderly and summer jobs programs for teens are threatened.

The Republican "Contract With America" eliminates several essential crime control provisions that were enacted in last year's crime bill. Under the "Contract," cuts in vital crime prevention programs are offset by increases in prison construction and law enforcement block grants to states. A Republican press conference heralded the new crime bill reforms, including increased funding for prison construction and state flexibility for law enforcement programs.

During debate in this Committee on H.R. 1219, the Chairman's substitute cut funding for the crime trust fund—failing to provide adequate funding for the recent GOP reforms. It is interesting to

note, that when a Democratic member of this Committee offered an amendment to correct this deficit, the amendment was soundly defeated along party lines. On the House floor, nearly all the Republican members of this committee supported the GOP the funding increase and policy changes.

As a former law enforcement officer, I have experienced first hand the effectiveness of "cops on the beat programs." While I certainly support responsible deficit reduction, I fail to see the merit of eliminating programs designed specifically to protect our communities.

JERRY F. COSTELLO.

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