

105TH CONGRESS  
1ST SESSION

# H. R. 898

To achieve a balanced Federal budget by fiscal year 2002 and each year thereafter, achieve significant deficit reduction in fiscal year 1998 and each year through 2002, establish a Board of Estimates, require the President's budget and the congressional budget process to meet specified deficit reduction and balance requirements, enforce those requirements through a multiyear congressional budget process and, if necessary, sequestration, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 1997

Mr. VISCLOSKY (for himself and Mr. STENHOLM) introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committees on Ways and Means and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To achieve a balanced Federal budget by fiscal year 2002 and each year thereafter, achieve significant deficit reduction in fiscal year 1998 and each year through 2002, establish a Board of Estimates, require the President's budget and the congressional budget process to meet specified deficit reduction and balance requirements, enforce those requirements through a multiyear congressional budget process and, if necessary, sequestration, and for other purposes.

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

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

5                    **PART A—PURPOSE**

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

7        (a) SHORT TITLE OF THIS ACT.—This Act may be  
8 cited as the “Balanced Budget Enforcement Act of 1997”.

9        (b) SHORT TITLE OF PART B.—Part B of this Act  
10 may be cited as the “Deficit Elimination Act of 1997”.

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13 repealed.

14 **SEC. 2. PURPOSE.**

15        The purpose of this Act is—

16                (1) to mandate and achieve enough deficit re-  
17 duction in each year through fiscal year 2002 to  
18 eliminate the deficit by that year;

19                (2) from fiscal year 2003 onward, to mandate  
20 whatever deficit reduction may be needed to elimi-  
21 nate any deficit that may be projected;

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

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

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

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

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

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

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

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

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

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

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

1 enactment and shall apply to fiscal year 1998 and subse-  
2 quent fiscal years.

3 **PART B—THE DEFICIT ELIMINATION ACT OF 1997**

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

5 As used in this part:

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

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

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

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

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

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

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

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

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

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

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

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

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

12                   (B) entitlement authority; and

13                   (C) the food stamp program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (i) A deficit.

19 (ii) A deficit increase or surplus decrease.

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

24 (iv) A deficit reduction shortfall.

25 (v) An amount to be sequestered.

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

3 (i) A surplus.

4 (ii) A deficit reduction or surplus increase.

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

9 **SEC. 101. DIRECT SPENDING AND RECEIPTS: DEFICIT RE-**  
10 **DUCTION REQUIREMENTS.**

11 The deficit reduction targets for direct spending and  
12 receipts legislation are as follows:

Fiscal Year	Deficit Reduction (in billions of dollars)
1998 .....	-19.903
1999 .....	-40.491
2000 .....	-55.685
2001 .....	-69.731
2002 .....	-85.227

13 The deficit reduction target for fiscal year 2002 shall be  
14 adjusted, if necessary, as provided by section 103.

15 **SEC. 102. DISCRETIONARY FUNDING LIMITS.**

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

Fiscal Year	Limits (in billions of dollars)
1998 .....	540.0
1999 .....	545.4
2000 .....	540.854
2001 .....	556.363

Fiscal Year	Limits (in billions of dollars)
2002 .....	561.926

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

5           (1) CHANGES IN CONCEPTS.—For any fiscal  
6 year, the adjustments produced by any change in  
7 budget accounting concepts (including scorekeeping  
8 conventions, budget classifications, and definitions)  
9 shall equal the current-year levels of new budget au-  
10 thority using up-to-date concepts minus those levels  
11 using the concepts in effect before the change. Such  
12 changes in concepts may only be made in consulta-  
13 tion with the Committees on Appropriations and the  
14 Budget of the House of Representatives and Senate,  
15 CBO, and OMB. A change in budget classifications  
16 includes any change from the assumption that all  
17 amounts provided in appropriation Acts are classi-  
18 fied as discretionary except those included under the  
19 heading “Mandatory Appropriations” in the joint ex-  
20 planatory statement of managers accompanying the  
21 conference report on this Act.

1           (2) CHANGES IN INFLATION.—(A) For the  
2 budget year and each outyear through 2002, the ad-  
3 justments produced by changes in inflation shall  
4 equal the discretionary funding limit for each such  
5 year multiplied by the inflation adjustment factor  
6 (for the fiscal year immediately preceding the cur-  
7 rent year) computed under subparagraph (B).

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

14                       For 1997, 1.029

15                       For 1998, 1.029

16                       For 1999, 1.030

17                       For 2000, 1.030

18                       For 2001, 1.030

19                       For 2002, 1.030

20 Inflation shall be measured by the average of the es-  
21 timated consumer price index for all urban consum-  
22 ers for a fiscal year divided by the average index for  
23 the prior fiscal year.

24           (3) EXPIRING HOUSING CONTRACTS.—For each  
25 budget year through 2002, the adjustment shall be

1 the amount of new budget authority needed to renew  
2 expiring multiyear subsidized housing contracts or  
3 provide contracts to replace units lost due to prepay-  
4 ments, with the per-contract renewal/replacement  
5 cost equal to the average current-year cost of re-  
6 newal or replacement contracts.

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

17 (5) NEW LIMITS FOR 2002 AND THEREAFTER.—  
18 The adjustment for fiscal year 2002 shall be the ad-  
19 justment (if any) under section 103, and the limit  
20 for any succeeding fiscal year shall be the limit es-  
21 tablished under section 104.

22 (6) TRANSPORTATION TRUST FUNDS.—For any  
23 fiscal year, the adjustment produced by the enact-  
24 ment of any law that raises excise taxes dedicated to  
25 a transportation trust fund shall be the amount of

1 the net receipts produced by that tax increase which  
2 that law specifically appropriates for that purpose.

3 **SEC. 103. BALANCING THE BUDGET IN 2002.**

4 If at the start of the 2002 budget-year session the  
5 baseline assuming deficit reduction (set forth in section  
6 116) projects a deficit (or surplus) for that year, then the  
7 direct spending and receipts deficit reduction requirement  
8 for that year under section 101 and the discretionary  
9 funding limit for that year under section 102 shall each  
10 be changed by amounts that, when debt service effects are  
11 added, will produce a balanced budget. These changes  
12 shall be accomplished by the enactment of a spin-off law  
13 described in section 105; or if no spin-off law is enacted,  
14 then the direct spending and receipts deficit reduction re-  
15 quirement for fiscal year 2002 under section 101 shall be  
16 adjusted by two-thirds of the total required change (ex-  
17 cluding debt service effects) and the discretionary funding  
18 limit for fiscal year 2002 under section 102 shall be ad-  
19 justed to produce an outlay change equal to one-third of  
20 the total required change (excluding debt service effects).  
21 Any adjustment in the discretionary funding limit (wheth-  
22 er in a spin-off law or by application of the above formula)  
23 shall be assumed to produce an outlay change equal to  
24 the change in new budget authority times the aggregate

1 first-year spendout rate for fiscal year 2002 chosen by the  
2 Board of Estimates.

3 **SEC. 104. PREVENTING DEFICITS AFTER 2002.**

4 Starting with the 2003 budget-year session, the re-  
5 quired change in the level of direct spending and receipts  
6 (relative to the current policy baseline described in section  
7 115) for the budget year and a discretionary funding limit  
8 for that year shall be established. That change in direct  
9 spending and receipts and that discretionary funding limit  
10 (plus the associated effect on debt service) shall produce  
11 a balanced budget. That change and that limit shall be  
12 specified in a spin-off law described in section 105; or if  
13 no spin-off law is enacted, then the change in direct spend-  
14 ing and receipts for the budget year shall be two-thirds  
15 of the baseline level of deficit or surplus (excluding debt  
16 service effects) and the discretionary funding limit for the  
17 budget year shall be the baseline level of discretionary new  
18 budget authority adjusted to produce an outlay change  
19 equal to one-third of the baseline level of deficit or surplus  
20 (excluding debt service changes). Any adjustment in the  
21 discretionary funding limit relative to the baseline level of  
22 discretionary new budget authority (whether in a spin-off  
23 law or by application of the above formula) shall be as-  
24 sumed to produce an outlay change equal to the change  
25 in new budget authority times the aggregate first-year

1 spendout rate for budget year chosen by the Board of  
2 Estimates.

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

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

18 (1) for each of fiscal years 1998 through 2001,  
19 the total of those amounts for the budget year  
20 equals the amount specified in section 101 less the  
21 amount of deficit reduction achieved for that year  
22 measured under section 106; or

23 (2) for fiscal year 2002 and each year there-  
24 after, the targets set by the spin-off bill for the  
25 budget year will produce a balanced budget in that

1 year under the estimates and assumptions chosen by  
2 the Board of Estimates for that year.

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

4 (a) ESTABLISHMENT OF SCORECARD: 1998–2002.—

5 There shall be a scorecard for each fiscal year through  
6 2002 upon which shall be entered the estimated increase  
7 or decrease in the deficit (relative to the start-of-session  
8 current policy baseline described in section 115) for the  
9 current year, the budget year, and each fiscal year through  
10 2002 due to—

11 (1) the enactment, after August 15, 1997, of  
12 any law,

13 (2) the imposition of any sequestration under  
14 section 108 or 109, or

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

19 affecting the level of direct spending or the level of re-  
20 ceipts. Entries under the preceding sentence shall not in-  
21 clude resulting debt service changes or any incidental  
22 changes in intragovernmental receipts of Federal trust  
23 funds. Amounts shall be entered on the scorecard within

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

6 (b) ESTABLISHMENT OF SCORECARD: 2003 AND  
7 THEREAFTER.—There shall be a scorecard, created anew  
8 for each budget year starting with 2003, upon which shall  
9 be entered the estimated increase or decrease in the deficit  
10 or surplus (relative to the start-of-session current policy  
11 baseline described in section 115) for the budget year, in  
12 any amount that would have been entered if subsection  
13 (a) applied to budget years after 2002.

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

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

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

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

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

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

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

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

12 (a) ESTABLISHMENT OF SCORECARD.—There shall  
13 be a scorecard for each fiscal year starting with 1998 upon  
14 which shall be entered the amount of discretionary appro-  
15 priations for that fiscal year due to—

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

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

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

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

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

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

12 (2) If any discretionary appropriation is enacted after  
13 June 30, 1997, and before October 1, 1997, that would  
14 have caused a look-back sequester under section 251(a)(5)  
15 of the Balanced Budget and Emergency Deficit Control  
16 Act of 1985 as in effect immediately before the date of  
17 enactment of this Act, then the amount that would have  
18 been sequestered shall be entered on the scorecard as a  
19 cost under the column for the budget year.

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

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

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

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

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

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

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

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

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

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

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

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

3           (4) For any outyear after 2002, CBO and OMB shall  
4           make cost estimates within 10 days after the enactment  
5           of any direct spending or receipts legislation of the outyear  
6           effects of that legislation that would have gone on the di-  
7           rect spending and receipts scorecard under section 106(a)  
8           if the scorecard had covered that outyear.

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

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

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

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

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

7 The amount required to be sequestered from direct spend-  
8 ing in a category shall be achieved by reducing each non-  
9 exempt direct spending account (or activity within an ac-  
10 count) within that category by the uniform percentage  
11 necessary to achieve 80 percent of that amount, and in-  
12 creasing receipts to achieve the other 20 percent of that  
13 amount as specified in sections 59B, 59C, and 59D of the  
14 Internal Revenue Code of 1986, necessary to achieve that  
15 amount.

16 **SEC. 109. COMPREHENSIVE SEQUESTRATION.**

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

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

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

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

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

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

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

1 a sequestration to reduce the amount of direct spending  
2 and increase the amount of receipts in the current policy  
3 baseline by the sum of the amounts specified in sub-  
4 sections (b) and (c) unless that sum is less than  
5 \$500,000,000. The amount required to be sequestered  
6 shall be achieved by reducing each non-exempt direct  
7 spending account (or activity within an account) by the  
8 uniform percentage necessary to achieve 80 percent of  
9 that sum, and increasing receipts to achieve the other 20  
10 percent of that sum as specified in sections 59B, 59C, and  
11 59D of the Internal Revenue Code of 1986, necessary to  
12 achieve that amount.

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

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

1           (b) UNIFORM REDUCTION.—Each nonexempt ac-  
2 count (or activity within an account) shall be reduced by  
3 a dollar amount calculated by multiplying the level of  
4 sequestrable budget authority in the baseline for that ac-  
5 count or activity by the uniform percentage necessary to  
6 reduce new budget authority by the amount in subsection  
7 (a).

8           (c) FEDERAL PERSONNEL.—If the President uses  
9 the authority under section 111(b) to exempt any amounts  
10 appropriated for military personnel from sequestration, all  
11 remaining sequestrable budget authority within subfunc-  
12 tion 051 shall be further reduced by the uniform percent-  
13 age needed to fully offset the reduction in the amount se-  
14 questered resulting from that exemption.

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

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

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

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

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

9           (1) net interest;

10           (2) deposit insurance and pension benefit guar-  
11           antees;

12           (3) all payments to trust funds from excise  
13           taxes or other receipts or collections properly cred-  
14           itable to those trust funds;

15           (4) offsetting receipts and collections;

16           (5) all payments from one Federal direct spend-  
17           ing budget account to another Federal budget ac-  
18           count; all intragovernmental funds including those  
19           from which funding is derived primarily from other  
20           Government accounts, except to the extent that such  
21           funds are augmented by direct appropriations for  
22           the fiscal year for which the order is in effect; and

1 those obligations of discretionary accounts or activi-  
2 ties that are financed by intragovernmental pay-  
3 ments from another discretionary account or activi-  
4 ty;

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

8 (7) nonbudgetary activities, including but not  
9 limited to—

10 (A) credit liquidating and financing ac-  
11 counts;

12 (B) the Pension Benefit Guarantee Cor-  
13 poration Trust Funds;

14 (C) the Thrift Savings Fund;

15 (D) the Federal Reserve System; and

16 (E) appropriations for the District of Co-  
17 lumbia to the extent they are appropriations of  
18 locally raised funds;

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

1           (9) the following accounts, which largely fulfill  
2 requirements of the Constitution or otherwise make  
3 payments to which the Government is committed—

4           Administration of Territories, Northern  
5 Mariana Islands Covenant grants (14-0412-0-  
6 1-806);

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

9           Bureau of Indian Affairs, miscellaneous  
10 trust funds, tribal trust funds (14-9973-0-7-  
11 999);

12           Claims, defense;

13           Claims, judgments, and relief act (20-  
14 1895-0-1-806);

15           Compact of Free Association, economic as-  
16 sistance pursuant to Public Law 99-658 (14-  
17 0415-0-1-806);

18           Compensation of the President (11-0001-  
19 0-1-802);

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

22           Eastern Indian land claims settlement  
23 fund (14-2202-0-1-806)

1 Farm Credit System Financial Assistance  
2 Corporation, interest payments (20-1850-0-1-  
3 351);

4 Internal Revenue collections of Puerto Rico  
5 (20-5737-0-2-852);

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

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

10 Payments to copyright owners (03-5175-  
11 0-2-376);

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

14 Salaries of Article III judges;

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

17 Washington Metropolitan Area Transit Au-  
18 thority, interest payments (46-0300-0-1-401).

19 (10) the following noncredit special, revolving,  
20 or trust-revolving funds—

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

22 Exchange Stabilization Fund (20-4444-0-  
23 3-155);

24 Foreign Military Sales trust fund (11-  
25 82232-0-7-155);

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

5           (B) any advance made to a State from the Fed-  
6           eral unemployment account (established by section  
7           904(g) of such Act) under title XII of such Act and  
8           any advance appropriated to the Federal unemploy-  
9           ment account pursuant to section 1203 of such Act;  
10          and

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

17          (12) the earned income tax credit (payments to  
18          individuals pursuant to section 32 of the Internal  
19          Revenue Code of 1986).

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

24          (2) The President may not use the authority under  
25          paragraph (1) unless he notifies the Congress of the extent

1 to which such authority will be exercised for the budget  
2 year on or before the preceding August 29.

3 (c) FEDERAL ADMINISTRATIVE EXPENSES.—

4 (1) Notwithstanding any provision of law other  
5 than paragraph (3), administrative expenses in-  
6 curred by the departments and agencies, including  
7 independent agencies, of the Federal Government in  
8 connection with any program, project, activity, or ac-  
9 count shall be subject to reduction pursuant to any  
10 sequestration order, without regard to the exemp-  
11 tions under subsection (a) and regardless of whether  
12 the program, project, activity, or account is self-sup-  
13 porting and does not receive appropriations.

14 (2) Payments made by the Federal Government  
15 to reimburse or match administrative costs incurred  
16 by a State or political subdivision under or in con-  
17 nection with any program, project, activity, or ac-  
18 count shall not be considered administrative ex-  
19 penses of the Federal Government for purposes of  
20 this section, and shall be subject to sequestration to  
21 the extent (and only to the extent) that other pay-  
22 ments made by the Federal Government under or in  
23 connection with that program, project, activity, or  
24 account are subject to that reduction or sequestra-  
25 tion; except that Federal payments made to a State

1 as reimbursement of administrative costs incurred  
2 by that State under or in connection with the unem-  
3 ployment compensation programs specified in sub-  
4 section (a)(11) shall be subject to reduction or se-  
5 questration under this part notwithstanding the ex-  
6 emption otherwise granted to such programs under  
7 that subsection.

8 (3) Notwithstanding any other provision of law,  
9 the administrative expenses of the following pro-  
10 grams shall be exempt from sequestration:

11 (A) Deposit insurance.

12 (B) The Federal Retirement Thrift Invest-  
13 ment Board.

14 (C) The Federal Reserve System.

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

16 (a) PERMANENT SEQUESTRATION OF DIRECT  
17 SPENDING AND RECEIPTS.—

18 (1) The purpose of any direct spending or re-  
19 ceipts sequestration under this Act is to ensure defi-  
20 cit reduction in the budget year and all subsequent  
21 fiscal years, so that the budget-year deficit reduction  
22 target in section 101 is met and so that it will be  
23 feasible to meet the increasingly ambitious targets  
24 for the subsequent years.

1           (2) Obligations in sequestered direct spending  
2           accounts shall be reduced in the fiscal year in which  
3           a sequestration occurs and in all succeeding fiscal  
4           years. Notwithstanding any other provision of this  
5           section, after the first direct spending sequestration  
6           or receipts sequestration, any later sequestration  
7           shall reduce direct spending or increase receipts (as  
8           the case may be) by an amount in addition to, rather  
9           than in lieu of, the reduction in direct spending  
10          or the increase in receipts in place under the exist-  
11          ing sequestration or sequestrations.

12          (b) UNIFORM PERCENTAGES.—

13               (1) In calculating the uniform percentage appli-  
14               cable to the sequestration of all nonexempt direct  
15               spending programs or activities and receipts under  
16               section 109, or the uniform percentage applicable to  
17               the sequestration of nonexempt direct spending pro-  
18               grams or activities within a category under section  
19               108, the sequestrable base for direct spending rules  
20               and activities is the total budget-year level of outlays  
21               for those programs or activities in the current policy  
22               baseline minus—

23                       (A) those budget-year outlays resulting  
24                       from obligations incurred in the current or  
25                       prior fiscal years, and

1 (B) those budget-year outlays resulting  
2 from exemptions under section 111.

3 (2) For any direct spending program in  
4 which—

5 (A) outlays pay for entitlement benefits,

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

8 (C) that delay reduces the amount of enti-  
9 tlement authority that is subject to sequestra-  
10 tion in the budget year,

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

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

22 (c) GENERAL RULES FOR SEQUESTRATION.—

23 (1) INDEFINITE AUTHORITY.—Except as other-  
24 wise provided, sequestration in accounts for which  
25 obligations are indefinite shall be taken in a manner

1 to ensure that obligations in the fiscal year of a se-  
2 questration and succeeding fiscal years are reduced,  
3 from the level that would actually have occurred, by  
4 the applicable sequestration percentage or percent-  
5 ages.

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

11 (3) INDEXED BENEFIT PAYMENTS.—If, under  
12 any entitlement program—

13 (A) benefit payments are made to persons  
14 or governments more frequently than once a  
15 year, and

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

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

1 Compensation shall be considered a program that  
2 meets the conditions of the preceding sentence.

3 (4) PROGRAMS, PROJECTS, OR ACTIVITIES.—

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

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

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

1           (7) CONTINGENT FEES.—In any account for  
2           which fees charged to the public are legally deter-  
3           mined by the level of appropriations, fees shall be  
4           charged on the basis of the presequestration level of  
5           appropriations.

6           (d) BLOCK GRANTS TO STATES FOR TEMPORARY AS-  
7           SISTANCE FOR NEEDY FAMILIES.—Any sequestration  
8           order shall accomplish the full amount of any required re-  
9           duction in payments under sections 403 and 418 of the  
10          Social Security Act by reducing the amount otherwise pay-  
11          able to each State (within the meaning of part A of title  
12          IV of such Act) under the section involved for the fiscal  
13          year involved by the uniform percentage applicable to the  
14          sequestration of nonexempt direct spending programs or  
15          activities.

16          (e) CHILD SUPPORT ENFORCEMENT PROGRAM.—  
17          Any sequestration order shall accomplish the full amount  
18          of any required reduction in payments under sections 455  
19          and 458 of the Social Security Act by reducing the Fed-  
20          eral matching rate for State administrative costs under  
21          the program, as specified (for the fiscal year involved) in  
22          section 455(a) of such Act, to the extent necessary to re-  
23          duce such expenditures by that amount.

24          (f) COMMODITY CREDIT CORPORATION.—

1           (1) GENERAL EFFECTIVE DATE.—Except as  
2 provided in paragraph (2), for the Commodity Credit  
3 Corporation, a sequestration order shall take effect  
4 on the date on which the order is issued.

5           (2) SPECIAL EFFECTIVE DATE FOR CERTAIN  
6 CCC CONTRACTS.—For each crop of a commodity for  
7 which 1-year contracts are issued as an entitlement,  
8 a sequestration order shall take effect with the start  
9 of the sign-up period for that crop that begins after  
10 the sequestration order is issued. In the case of a  
11 commodity for which a production flexibility contract  
12 is in effect under section 111 of the Agricultural  
13 Market Transition Act (7 U.S.C. 7211), a sequestra-  
14 tion order shall take effect on October 1 of the fiscal  
15 year that begins after the sequestration order is is-  
16 sued. Payments for each contract shall be reduced  
17 under the same terms and conditions.

18           (3) DAIRY PROGRAM.—As the sole means of  
19 achieving any reduction in outlays under the milk  
20 price support program, the Secretary of Agriculture  
21 shall provide for a reduction to be made in the price  
22 received by producers for all milk produced in the  
23 United States and marketed by producers for com-  
24 mercial use. The price reduction shall be measured  
25 in cents per hundredweight of milk marketed. The

1 reduction in outlays as a result of the price reduc-  
2 tion shall not exceed the aggregate amount of the  
3 reduction in outlays under the milk price support  
4 program that otherwise would have been achieved by  
5 reducing payments made for the purchase of milk  
6 or the products of milk under section 141 of the Ag-  
7 ricultural Market Transition Act (7 U.S.C. 7251)  
8 during the fiscal year involved.

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

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

22 (g) CONSERVATION RESERVE PROGRAM.—Multiyear  
23 contracts under the conservation reserve program shall be  
24 considered binding and not subject to sequestration, but  
25 any contract entered into after a sequestration applicable

1 to that program takes effect shall provide for payments  
2 reduced by the uniform percentage or percentages applica-  
3 ble to that sequestration.

4 (h) EXTENDED UNEMPLOYMENT COMPENSATION.—

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

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

17 (i) FEDERAL EMPLOYEES HEALTH BENEFITS

18 FUND.—For the Federal Employees Health Benefits  
19 Fund, a sequestration order shall take effect with the next  
20 open season. The sequestration shall be accomplished by  
21 annual payments from that Fund to the General Fund of  
22 the Treasury. Those annual payments shall be financed  
23 solely by charging higher premiums. For purposes of sub-  
24 section (b)(1), the sequestrable base for the Fund is the  
25 budget-year level of gross outlays resulting from claims

1 paid after the sequestration order takes effect, and sub-  
2 section (b)(2) shall not apply.

3 (j) FEDERAL HOUSING FINANCE BOARD.—Any se-  
4 questration of the Federal Housing Finance Board shall  
5 be accomplished by annual payments (by the end of each  
6 fiscal year) from that Board to the general fund of the  
7 Treasury, in amounts equal to the uniform sequestration  
8 percentage for that year times the gross obligations of the  
9 Board in that year.

10 (k) FEDERAL PAY.—

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

1 1009 of title 37, United States Code, or any other  
2 provision of law.

3 (2) DEFINITIONS.—For purposes of this sub-  
4 section:

5 (A) The term “statutory pay system” shall  
6 have the meaning given that term in section  
7 5302(1) of title 5, United States Code.

8 (B) The term “elements of military pay”  
9 means—

10 (i) the elements of compensation of  
11 members of the uniformed services speci-  
12 fied in section 1009 of title 37, United  
13 States Code,

14 (ii) allowances provided members of  
15 the uniformed services under sections 403a  
16 and 405 of such title, and

17 (iii) cadet pay and midshipman pay  
18 under section 203(c) of such title.

19 (C) The term “uniformed services” shall  
20 have the meaning given that term in section  
21 101(3) of title 37, United States Code.

22 (1) GUARANTEED STUDENT LOANS.—(A) For all stu-  
23 dent loans under parts B and D of title IV of the Higher  
24 Education Act of 1965 made on or after the date of a  
25 sequestration, the origination fees shall be increased by

1 a uniform percentage sufficient to produce the dollar sav-  
2 ings in student loan programs for the fiscal year of the  
3 sequestration required by section 108 or 109, and all sub-  
4 sequent origination fees shall be increased by the same  
5 percentage, notwithstanding any other provision of law.

6 (B) The origination fees to which paragraph (A) ap-  
7 plies are those specified in sections 428H(f)(1), 438(c),  
8 and 455(c) of that Act.

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

23 (n) MEDICAID.—The November 15th estimate of  
24 medicaid spending by States shall be the base estimate  
25 from which the uniform percentage reduction under any

1 sequestration, applied across-the-board by State, shall be  
2 made. Succeeding Federal payments to States shall reflect  
3 that reduction. The Health Care Financing Administra-  
4 tion shall reconcile actual medicaid spending for each fis-  
5 cal year with the base estimate as reduced by the uniform  
6 percentage, and adjust each State's grants as soon as  
7 practicable, but no later than 100 days after the end of  
8 the fiscal year to which the base estimate applied, to com-  
9 ply with the sequestration order.

10 (o) MEDICARE.—

11 (1) TIMING OF APPLICATION OF REDUC-  
12 TIONS.—

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

23 (B) PAYMENT ON THE BASIS OF COST RE-  
24 PORTING PERIODS.—In the case in which pay-  
25 ment for services of a provider of services is

1           made under title XVIII of the Social Security  
2           Act on a basis relating to the reasonable cost  
3           incurred for the services during a cost reporting  
4           period of the provider, if a reduction is made in  
5           payment amounts pursuant to a sequestration  
6           order, the reduction shall be applied to payment  
7           for costs for such services incurred at any time  
8           during each cost reporting period of the pro-  
9           vider any part of which occurs after the effec-  
10          tive date of the order, but only (for each such  
11          cost reporting period) in the same proportion as  
12          the fraction of the cost reporting period that oc-  
13          curs after the effective date of the order.

14           (2) NO INCREASE IN BENEFICIARY CHARGES IN  
15          ASSIGNMENT-RELATED CASES.—If a reduction in  
16          payment amounts is made pursuant to a sequestra-  
17          tion order for services for which payment under part  
18          B of title XVIII of the Social Security Act is made  
19          on the basis of an assignment described in section  
20          1842(b)(3)(B)(ii), in accordance with section  
21          1842(b)(6)(B), or under the procedure described in  
22          section 1870(f)(1) of such Act, the person furnishing  
23          the services shall be considered to have accepted  
24          payment of the reasonable charge for the services,

1 less any reduction in payment amount made pursu-  
2 ant to a sequestration order, as payment in full.

3 (3) NO EFFECT ON COMPUTATION OF AAPCC.—

4 In computing the adjusted average per capita cost  
5 for purposes of section 1876(a)(4) of the Social Se-  
6 curity Act, the Secretary of Health and Human  
7 Services shall not take into account any reductions  
8 in payment amounts which have been or may be ef-  
9 fected under this part.

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

18 (1) the uniform sequestration percentage, times

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

23 Any such payment for a fiscal year shall be made as soon  
24 as possible during the fiscal year, except that it may be  
25 made in installments within that year if the payment

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

20 (q) POWER MARKETING ADMINISTRATIONS AND  
21 TVA.—Any sequestration of the Department of Energy  
22 power marketing administration funds or the Tennessee  
23 Valley Authority fund shall be accomplished by annual  
24 payments from those funds to the General Fund of the  
25 Treasury, and the administrators of those funds shall have

1 the duty to make those payments during the fiscal year  
2 to which the sequestration order applies and each succeed-  
3 ing fiscal year. The amount of each annual payment by  
4 a fund shall be—

5           (1) the direct spending uniform sequestration  
6           percentage, times

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

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

1 (r) VETERANS' HOUSING LOANS.—(1) For all hous-  
 2 ing loans guaranteed, insured, or made under chapter 37  
 3 of title 38, United States Code, on or after the date of  
 4 a sequestration, the origination fees shall be increased by  
 5 a uniform percentage sufficient to produce the dollar sav-  
 6 ings in veterans' housing programs for the fiscal year of  
 7 the sequestration required by section 108 or 109, and all  
 8 subsequent origination fees shall be increased by the same  
 9 percentage, notwithstanding any other provision of law.

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

13 **SEC. 113. SEQUESTRATION THROUGH SURTAXES.**

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

18 **“PART VIII—TAX SEQUESTRATION SURTAXES**

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

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

“Sec. 59D. Definitions and special rules.

19 **“SEC. 59B. IMPOSITION OF SURTAX ON INDIVIDUALS.**

20 “(a) SECTION 1.—In the case of an individual, the  
 21 amount of the tax imposed under section 1 for any taxable  
 22 year shall be increased by the applicable surtax percentage  
 23 of the tax imposed under section 1 for such taxable year  
 24 (determined without regard to this section).

1       “(b) MINIMUM TAX.—In the case of an individual,  
2 the amount of the tentative minimum tax determined  
3 under section 55 for any taxable year shall be increased  
4 by the applicable surtax percentage of the amount of the  
5 tentative minimum tax for such taxable year (determined  
6 without regard to this section).

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

10       “(d) COORDINATION WITH OTHER PROVISIONS.—  
11 The provisions of this section—

12               “(1) shall be applied after section 1(h), but

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

16 **“SEC. 59C. IMPOSITION OF SURTAX ON CORPORATIONS.**

17       “(a) NORMAL CORPORATE TAX.—

18               “(1) IN GENERAL.—In the case of a corpora-  
19 tion, the amount of the tax imposed under section  
20 11 for any taxable year shall be increased by the ap-  
21 plicable surtax percentage of the amount of the tax  
22 imposed under section 11 for such taxable year (de-  
23 termined without regard to this section).

24               “(2) TREATMENT OF CERTAIN TAXES.—For  
25 purposes of paragraph (1), a tax shall be treated as

1 imposed under section 11 if the amount of such tax  
2 is determined by reference to the provisions of sec-  
3 tion 11 (or by reference to any rate contained there-  
4 in).

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

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

13 “(1) after the application of section 1201 and  
14 801(a)(2), but

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

18 **“SEC. 59D. DEFINITIONS AND SPECIAL RULES.**

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

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

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

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

6           “(2) SURTAX PERCENTAGE.—The surtax per-  
7           centage for a calendar year is the surtax percentage  
8           included in the final sequestration report effectuated  
9           by the sequestration order under section 114 of the  
10          Deficit Elimination Act of 1997 for the fiscal year  
11          in which the calendar year begins.

12          “(b) SECTION 15 NOT TO APPLY.—Section 15 shall  
13          not apply to any change in rates under this part.

14          “(c) ADJUSTMENT TO APPLICATION OF CERTAIN  
15          PROVISIONS.—

16                 “(1) DIVIDENDS PAID ON CERTAIN PREFERRED  
17                 STOCK.—In computing for a taxable year of a cor-  
18                 poration the fractions described in sections  
19                 244(a)(2) and 247(a)(2), the denominator shall,  
20                 under regulations prescribed by the Secretary, be in-  
21                 creased to reflect the provisions of this part.

22                 “(2) SHAREHOLDERS OF REGULATED INVEST-  
23                 MENT COMPANIES.—In computing the adjustment to  
24                 basis described in section 852(b)(3)(D)(iii), the per-  
25                 centage set forth therein shall be adjusted, under

1 regulations prescribed by the Secretary, to reflect  
 2 the provisions of this part.”

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

“Part VIII. Tax sequestration surtaxes.”

6 (c) EFFECTIVE DATE.—The amendments made by  
 7 this section shall apply to taxable years beginning after  
 8 December 31, 1997.

9 **SEC. 114. ESTIMATING ASSUMPTIONS, REPORTS, AND OR-**  
 10 **DERS.**

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

<b>Date:</b>	<b>Action to be completed:</b>
Dec. 31 .....	OMB and CBO sequestration preview reports submitted to Board.
Jan. 15 .....	Board selects sequestration preview report.
The President’s budget submission	OMB publishes sequestration preview report.
August 29: .....	President’s midsession review; notification regarding military personnel.
Within 10 days after end of session.	OMB and CBO final budget year sequestration reports submitted to Board.
5 days later .....	Board selects final sequestration report; President issues sequestration order.

13 (b) SUBMISSION AND AVAILABILITY OF REPORTS.—  
 14 Each report required by this section shall be submitted,  
 15 in the case of CBO, to the House of Representatives, the  
 16 Senate, OMB, and the Board and, in the case of OMB,

1 to the House of Representatives, the Senate, the Presi-  
2 dent, and the Board on the day it is issued. On the follow-  
3 ing day a notice of the report shall be printed in the Fed-  
4 eral Register.

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

10 (d) SEQUESTRATION PREVIEW REPORTS.—

11 (1) REPORTING REQUIREMENT.—On December  
12 31 or 2 weeks after exchanging preliminary current  
13 policy baselines, whichever is later, OMB and CBO  
14 shall each submit a sequestration preview report.

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

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

21 (B) CURRENT POLICY BASELINE.—A de-  
22 tailed display of the current policy baseline for  
23 the current year, the budget year, and the out-  
24 years, with an explanation of changes in the  
25 baseline since it was last issued that includes

1 the effect of policy decisions made during the  
2 intervening period and an explanation of the  
3 differences between OMB and CBO for each  
4 item set forth in the report.

5 (C) DEFICITS ASSUMING COMPLIANCE.—

6 Estimates for the budget year and each subse-  
7 quent year through fiscal year 2002 of the defi-  
8 cits or surpluses in the current policy baseline  
9 assuming deficit reduction specified in section  
10 116.

11 (D) DISCRETIONARY FUNDING LIMITS.—

12 (i) estimates for the current year, the budget  
13 year, and each outyear through 2002 of the dis-  
14 cretionary funding limits and an explanation of  
15 each adjustment made to those limits under  
16 section 102(b), (ii) starting with fiscal year  
17 2002, an estimate of the aggregate first-year  
18 spendout rate for the budget year for discre-  
19 tionary programs, (iii) starting with budget  
20 year 2002, an estimate for the current year and  
21 for the budget year of the discretionary funding  
22 limits under the spinoff law under section 105,  
23 or if no such law exists for a fiscal year, for  
24 those limits established under the automatic ap-  
25 plication of section 103 or 104.

1           (E) SEQUESTRATION OF DISCRETIONARY  
2           ACCOUNTS.—Estimates of the uniform percent-  
3           age and the amount of budgetary resources to  
4           be sequestered from discretionary programs  
5           given the baseline level of appropriations, and if  
6           the President chooses to exempt some or all  
7           military personnel from sequestration, the effect  
8           of that decision on the percentage and amounts.

9           (F) DEFICIT REDUCTION REQUIREMENTS  
10           FOR DIRECT SPENDING AND RECEIPTS.—An es-  
11           timate for direct spending and receipts of the  
12           deficit reduction remaining to be achieved for  
13           the budget year under section 101 or 104 or of  
14           the decrease in the surplus allowed for that  
15           year under section 104 (given the amount al-  
16           ready achieved as measured under section 106).

17           (G) DIRECT SPENDING SEQUESTRATION.—  
18           Estimates of the uniform percentage and the  
19           amount of targeted sequestration under section  
20           108 that will be necessary in each direct spend-  
21           ing category to meet the direct spending targets  
22           for the budget year in the spin-off law under  
23           section 105, or if no such law has been enacted  
24           for the budget year, the uniform percentage and  
25           the amount of comprehensive sequestration of

1 direct spending programs that will be necessary  
2 under section 109.

3 (H) RECEIPTS SEQUESTRATION.—Esti-  
4 mates of the increase in receipts under section  
5 108 that will be necessary to meet the receipts  
6 targets for the budget year in the spin-off law  
7 under section 105, or if no such law has been  
8 enacted for the budget year, the increase in re-  
9 cepts that will be necessary under section 109;  
10 including the surtax percentage needed to  
11 achieve the increase in receipts required under  
12 section 108 or the uniform percentage under  
13 section 109.

14 (e) SELECTION OF OFFICIAL SEQUESTRATION PRE-  
15 VIEW REPORT.—On January 15 or 2 weeks after receiving  
16 the OMB and CBO sequestration preview reports, which-  
17 ever is later, the Board shall choose either the OMB or  
18 CBO sequestration preview report as the official report for  
19 purposes of this Act. The Board shall add to the chosen  
20 report an analysis of which reports submitted in previous  
21 years have proven to be more accurate and recommenda-  
22 tions about methods of improving the accuracy of future  
23 reports. That report shall be set forth, without change,  
24 in the budget submitted by the President under section

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

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

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

11 (h) FINAL SEQUESTRATION REPORTS.—

12 (1) REPORTING REQUIREMENT.—Not later than  
13 10 days following the end of a budget-year session,  
14 OMB and CBO shall each submit a final sequestra-  
15 tion report.

16 (2) CONTENTS.—That report shall be based  
17 upon laws enacted through the date of the report  
18 and shall set forth all the information and estimates  
19 required of a sequestration preview report required  
20 by subsection (d)(2) (D) through (H). In addition,  
21 that report shall include—

22 (A) for each account to be sequestered, the  
23 baseline level of sequestrable budgetary re-  
24 sources and the resulting reductions in new  
25 budget authority and outlays;

1 (B) the effects of sequestration on the level  
2 of direct spending outlays for each fiscal year  
3 through 2002; and

4 (C) the effects of sequestration on the level  
5 of receipts for each fiscal year through 2002.

6 (i) SELECTION OF OFFICIAL FINAL SEQUESTRATION  
7 REPORT.—Not later than 5 days after receiving the final  
8 OMB and CBO sequestration reports, the Board shall  
9 choose either the OMB or CBO final sequestration report  
10 as the official report for purposes of this Act, and shall  
11 issue a report stating that decision and making any com-  
12 ments that the Board chooses.

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

17 (A) the final sequestration report that requires  
18 the lesser amount of discretionary sequestration  
19 under section 110; and

20 (B) the final sequestration report that requires  
21 the lesser total amount of direct spending and re-  
22 ceipts sequestration under section 108 or 109 (as  
23 applicable).

24 The order shall be effective on issuance and shall be issued  
25 only if sequestration is required.

1           (2)(A) If both the CBO and OMB final sequestration  
2 reports require a sequestration of discretionary programs,  
3 and the Board chooses the report requiring the greater  
4 sequestration, then a positive amount equal to the dif-  
5 ference between the CBO and OMB estimates of discre-  
6 tionary new budget authority for the budget year shall be  
7 subtracted from the budget-year column and added to the  
8 column for the first outyear of the discretionary scorecard  
9 under section 107 as though that amount had been en-  
10 acted in the next session of Congress.

11           (B) If one final sequestration report requires a se-  
12 questration of discretionary programs and the Board  
13 chooses that report, then an amount equal to the dif-  
14 ference between that report's estimate of discretionary  
15 new budget authority for the budget year and the discre-  
16 tionary funding limit for that year shall be subtracted  
17 from the budget-year column and added to column for the  
18 first outyear of the discretionary scorecard under section  
19 107 as though that amount had been enacted in the next  
20 session of Congress.

21           (3)(A) If both the CBO and OMB final sequestration  
22 reports require a sequestration of direct spending or re-  
23 ceipts, and the Board chooses the report requiring the  
24 greater sequestration, then a positive amount equal to the  
25 difference between the total CBO and OMB estimates of

1 required budget-year direct spending and receipts seques-  
2 trations shall be subtracted from the budget-year column  
3 and added to the column for the first outyear of the direct  
4 spending and receipts scorecard under section 106 as  
5 though that amount had been enacted in the next session  
6 of Congress.

7 (B) If one final sequestration report requires a se-  
8 questration of direct spending or receipts and the Board  
9 chooses that report, then the estimate of total required  
10 budget-year direct spending and receipts sequestrations  
11 shall be subtracted from the budget-year column and  
12 added to column for the first outyear of the direct spend-  
13 ing and receipts scorecard under section 106 as though  
14 that amount had been enacted in the next session of  
15 Congress.

16 (k) LOW-GROWTH REPORT.—At any time until the  
17 end of fiscal year 1999, the Director of the Board shall  
18 notify the Congress if—

19 (1) during the period consisting of the quarter  
20 during which such notification is given, the quarter  
21 preceding that notification, and the 4 quarters fol-  
22 lowing that notification, CBO or OMB has deter-  
23 mined that real economic growth is projected or esti-  
24 mated to be less than zero for each of any 2 con-  
25 secutive quarters within that period; or

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

6           (1) USE OF MAJOR ESTIMATING ASSUMPTIONS AND  
7           SCOREKEEPING CONVENTIONS.—In the estimates, projec-  
8           tions, and reports under subsections (c) and (d), CBO and  
9           OMB shall use the best and most recent estimating as-  
10          sumptions available. In all other reports required by this  
11          section and in all estimates or calculations required by this  
12          Act, CBO and OMB shall use—

13           (1) current-year and budget-year discretionary  
14          funding limits chosen by the Board and the esti-  
15          mates chosen by the Board of the deficit reduction  
16          (or decrease in the surplus) through changes in di-  
17          rect spending and receipts required (or allowed) in  
18          the budget year;

19           (2) in estimating the effects of bills and discre-  
20          tionary regulations, the major estimating assump-  
21          tions most recently chosen by the Board, except to  
22          the extent that they must be altered to reflect actual  
23          results occurring or measured after the Board's  
24          choice; and

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

4 In applying the two previous sentences, the major estimat-  
5 ing assumptions and other calculations required by this  
6 Act that are included in the statement of managers accom-  
7 panying the conference report on this Act shall be consid-  
8 ered, for all purposes of this Act, to be the report of the  
9 Board chosen under subsection (e) for fiscal year 1998.

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

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

21           (2) to reflect a choice of the Board regarding  
22           an official set of estimates under subsections (l) and  
23           (n); and

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

1 **SEC. 115. THE CURRENT POLICY BASELINE.**

2 (a) IN GENERAL.—For any budget year, the baseline  
3 refers to a projection of current-year levels of new budget  
4 authority, outlays, revenues, and the surplus or deficit into  
5 the budget year and the outyears based on laws enacted  
6 through, and discretionary regulations promulgated as  
7 final by, the applicable date.

8 (b) DIRECT SPENDING AND RECEIPTS.—For the cur-  
9 rent year, the budget year, and each outyear, the baseline  
10 shall be calculated using the following assumptions:

11 (1) IN GENERAL.—Laws providing or creating  
12 direct spending and receipts are assumed to operate  
13 in the manner specified in those laws for each such  
14 year, funding for entitlement authority is assumed  
15 to be adequate to make all payments required by  
16 those entitlements, and funding for deposit insur-  
17 ance is assumed to be adequate to meet the costs of  
18 the Financial Institutions Reform, Recovery, and  
19 Enforcement Act of 1989 or successor laws.

20 (2) EXCEPTIONS.—Except as provided in para-  
21 graph (3):

22 (A) No program with estimated current-  
23 year gross new budget authority greater than  
24 \$100 million is assumed to expire in the budget  
25 year or outyears. In carrying out the preceding  
26 sentence, expiring entitlement programs and

1 programs financed by indefinite budget author-  
2 ity are assumed to continue as in effect just  
3 prior to their expiration, and other expiring  
4 programs are assumed to continue with new  
5 budget authority projected as under subsection  
6 (c)(4).

7 (B) The percentage increase for veterans'  
8 compensation for a fiscal year is assumed to be  
9 the same as that required by law for veterans'  
10 pensions unless otherwise provided by a law en-  
11 acted in that session.

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

15 (3) CUTOFF DATE.—Programs or taxes that ex-  
16 pire on or before December 31 and that have not  
17 been reauthorized by the date of the final sequestra-  
18 tion report are assumed to expire. If an increase in  
19 veterans compensation has not been enacted by the  
20 date of the final sequestration report, it is not  
21 assumed.

22 (c) DISCRETIONARY APPROPRIATIONS.—For the cur-  
23 rent year, the budget year, and each outyear, the baseline  
24 shall be calculated using the following assumptions regard-  
25 ing discretionary programs:

1           (1) INFLATION OF CURRENT-YEAR APPROPRIA-  
2           TIONS.—New budget authority shall be at the level  
3           provided for that fiscal year in appropriation Acts.  
4           If for any account an appropriation has not yet been  
5           enacted, new budget authority is assumed to be at  
6           the level available in the current year, adjusted se-  
7           quentially and cumulatively for expiring housing con-  
8           tracts as specified in paragraph (2), for inflation as  
9           specified in paragraph (3), and to account for  
10          changes required by law in the level of agency pay-  
11          ments for personnel benefits other than pay.

12          (2) EXPIRING HOUSING CONTRACTS.—New  
13          budget authority to renew expiring multiyear sub-  
14          sidized housing contracts or provide contracts to re-  
15          place units lost due to prepayments shall be adjusted  
16          to reflect the difference in the number of such con-  
17          tracts that are estimated to expire or be prepaid in  
18          that fiscal year and the number expiring or being  
19          prepaid in the current year, with the per-contract re-  
20          newal/replacement cost equal to the average current-  
21          year cost of renewal or replacement contracts.

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

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

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

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

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

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

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

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

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

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

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

1           (b) AMOUNTS PAID TO THE FUND.—On the last day  
2 of any fiscal year for which an actual surplus has oc-  
3 curred, the amount of that surplus shall be paid to the  
4 Fund. In fiscal year 2003, the Secretary of the Treasury  
5 shall pay an additional \$10 billion from the general fund  
6 of the Treasury to the Fund. In each fiscal year starting  
7 with 2000, the Secretary of the Treasury shall pay an ad-  
8 ditional \$20 billion to the Fund from the general fund of  
9 the Treasury. Balances in the Fund shall not receive inter-  
10 est.

11           (c) TRANSFER OF FUND BALANCES.—At any time  
12 starting with the fiscal year 2003 session, a law may be  
13 enacted withdrawing some or all of the current balance  
14 of the Stabilization Reserve Fund and paying that  
15 amount, as a receipt, to the General Fund of the Treas-  
16 ury. That law may also provide for the later transfer to  
17 the Treasury (as a receipt) of some or all of the current-  
18 year estimated surplus (if any), to be paid into the Sta-  
19 bilization Reserve Fund at the end of the current year  
20 under subsection (b). Except for transfers to the General  
21 Fund of the Treasury, no law reducing the balances of  
22 the Stabilization Reserve Fund may be enacted in any  
23 year.

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

2 (a) WAR.—Upon the enactment of a declaration of  
3 war—

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

6 (2) sections 302(f), 310(d), and 311 of the  
7 Congressional Budget Act of 1974 are suspended;  
8 and

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

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

1 those entries as part of their next sequestration preview  
2 report under section 114.

3 (c) LOW GROWTH.—

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

10 (2) FORM OF JOINT RESOLUTION.—

11 (A) The matter after the resolving clause  
12 in any joint resolution introduced pursuant to  
13 paragraph (1) shall be as follows: “That the  
14 conditions specified in section 114(k) of the  
15 Deficit Elimination Act of 1997 are met. The  
16 implementation of the Congressional Budget  
17 Act of 1974, chapter 11 of title 31, United  
18 States Code, and the Deficit Elimination Act of  
19 1997 are modified as follows:

20 (i) the subsequent issuance of any se-  
21 questration report or any sequestration  
22 order is precluded;

23 (ii) sections 302(f), 310(d), and 311  
24 of the Congressional Budget Act of 1974  
25 are suspended; and

1 (iii) sections 1105(f) and 1103 of title  
2 31, United States Code, are suspended.

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

7 (B) The title of the joint resolution shall  
8 be “Joint resolution modifying certain provi-  
9 sions of law pursuant to section 118(c) of the  
10 Deficit Elimination Act of 1997.”; and the joint  
11 resolution shall not contain any preamble.

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

18 (4) SENATE BUDGET COMMITTEE CONSIDER-  
19 ATION.—The Committee on the Budget of the Sen-  
20 ate shall report the joint resolution with or without  
21 amendment on or before the 20th day after the date  
22 on which the joint resolution is introduced. If any  
23 committee fails to report the joint resolution within

1 that 20-day period, it shall be automatically dis-  
2 charged from further consideration of the joint reso-  
3 lution, and the joint resolution shall be placed on the  
4 appropriate calendar.

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

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

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

18 (C) conforming amendments that may be  
19 needed to the Congressional Budget Act of  
20 1974 or the rules of the House of Representa-  
21 tives or the Senate.

22 (6) CONSIDERATION OF JOINT RESOLUTION.—

1           (A) A vote on final passage of a joint reso-  
2           lution reported to the Senate or discharged pur-  
3           suant to paragraph (3) shall be taken on or be-  
4           fore the close of the 10th calendar day of ses-  
5           sion after the date on which the joint resolution  
6           is reported or after the Committee has been dis-  
7           charged from further consideration of the joint  
8           resolution.

9           (B)(i) In the Senate, a joint resolution  
10          under this paragraph shall be privileged. It  
11          shall not be in order to move to reconsider the  
12          vote by which the motion is agreed to or dis-  
13          agreed to.

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

21          (iii) Debate in the Senate on any debatable  
22          motion or appeal in connection with a joint res-  
23          olution under this paragraph shall be limited to  
24          not more than one hour, to be equally divided  
25          between, and controlled by, the mover and the

1 manager of the joint resolution, except that in  
2 the event the manager of the joint resolution  
3 is in favor of any such motion or appeal, the  
4 time in opposition thereto shall be controlled by  
5 the minority leader or his designee.

6 (iv) A motion in the Senate to further limit  
7 debate on a joint resolution under this para-  
8 graph is not debatable. A motion to table or to  
9 recommit a joint resolution under this para-  
10 graph is not in order.

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

15 (i) the procedure in that House shall  
16 be the same as if no such joint resolution  
17 had been received from the other House,  
18 but

19 (ii) the vote on final passage shall be  
20 on the joint resolution of the other House,  
21 and

22 when the joint resolution is agreed to, the Clerk  
23 of the House of Representatives (in the case of  
24 a House joint resolution agreed to in the House

1 of Representatives) or the Secretary of the Sen-  
2 ate (in the case of a Senate joint resolution  
3 agreed to in the Senate) shall cause the joint  
4 resolution to be engrossed, certified, and trans-  
5 mitted to the other House of the Congress as  
6 soon as practicable.

7 (D) Amendments to a joint resolution con-  
8 sidered under this paragraph shall be in order  
9 in the Senate only if germane to that resolution  
10 in the form in which it was reported or dis-  
11 charged.

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

18 **SEC. 119. BOARD OF ESTIMATES.**

19 (a) ESTABLISHMENT.—There is established a Board  
20 of Estimates.

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

1           (A) the sequestration preview report for the  
2 budget year submitted by OMB under section  
3 114(d) or the report for that year submitted by  
4 CBO under section 114(d); and

5           (B) the final sequestration report for the budg-  
6 et year submitted by OMB under section 114(h) or  
7 the report for that year submitted by CBO under  
8 section 114(h);

9 that shall be used for purposes of this Act, chapter 11  
10 of title 31, United States Code, and section 403 of the  
11 Congressional Budget Act of 1974. In making its choice,  
12 the Board shall choose the report that, in its opinion, is  
13 the more accurate.

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

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

24       (c) MEMBERSHIP.—

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

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

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

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

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

18 No member appointed by the President may be an  
19 officer or employee of any government. A vacancy in  
20 the Board shall be filled in the manner in which the  
21 original appointment was made.

22           (2) CONTINUATION OF MEMBERSHIP.—If any  
23 member of the Board appointed by the President be-  
24 comes an officer or employee of a government, he  
25 may continue as a member of the Board for not

1 longer than the 30-day period beginning on the date  
2 he becomes such an officer or employee.

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

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

11 (4) BASIC PAY.—Members of the Board shall  
12 serve without pay.

13 (5) QUORUM.—Three members of the Board  
14 shall constitute a quorum but a lesser number may  
15 hold hearings.

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

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

20 (d) DIRECTOR AND STAFF.—

21 (1) APPOINTMENT.—The Board shall have a  
22 Director who shall be appointed by the members of  
23 the Board. Subject to such rules as may be pre-  
24 scribed by the Board, the Director may appoint and

1 fix the pay of such personnel as the Director consid-  
2 ers appropriate.

3 (2) APPLICABILITY OF CERTAIN CIVIL SERVICE  
4 LAWS.—The Director and staff of the Board may be  
5 appointed without regard to the provisions of title 5,  
6 United States Code, governing appointments in the  
7 competitive service, and may be paid without regard  
8 to the provisions of chapter 51 and subchapter III  
9 of chapter 53 of such title relating to classification  
10 and General Schedule pay rates, except that no indi-  
11 vidual so appointed may receive pay in excess of the  
12 annual rate of basic pay payable for GS-18 of the  
13 General Schedule.

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

21 (e) POWERS.—

22 (1) HEARINGS AND SESSIONS.—The Board  
23 may, for the purpose of carrying out its duties, hold  
24 such hearings, sit and act at such times and places,

1 take such testimony, and receive such evidence, as  
2 it considers appropriate.

3 (2) OBTAINING OFFICIAL DATA.—The Board  
4 may secure directly from any department or agency  
5 of the United States information necessary to enable  
6 it to carry out its duties. Upon request of the Chair-  
7 man of the Board, the head of such department or  
8 agency shall furnish such information to the Board.

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

13 **SEC. 120. JUDICIAL REVIEW.**

14 (a) EXPEDITED REVIEW.—

15 (1) Any Member of Congress may bring an ac-  
16 tion, in the United States District Court for the Dis-  
17 trict of Columbia, for declaratory judgment and in-  
18 junctive relief on the ground that any order that  
19 might be issued pursuant to section 114 violates the  
20 Constitution.

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

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

4 (3) Any Member of Congress may bring an ac-  
5 tion, in the United States District Court for the Dis-  
6 trict of Columbia, for declaratory and injunctive re-  
7 lief on the ground that the terms of an order issued  
8 under section 114 do not comply with the require-  
9 ments of this title.

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

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

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

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

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

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

22           (1) If it is finally determined by a court of com-  
23 petent jurisdiction that an order issued by the Presi-  
24 dent under section 114 for any fiscal year does not

1 fully implement without change all sequestrations re-  
2 quired by the appropriate Office of Management and  
3 Budget or Congressional Budget Office report cho-  
4 sen by the Board to be the basis for the order, the  
5 President shall, within 20 days after such deter-  
6 mination is made, revise the order in accordance  
7 with such determination.

8 (2) If the order issued by the President under  
9 section 114 for any fiscal year does not fully imple-  
10 ment without change all sequestrations required by  
11 the appropriate OMB or CBO report chosen by the  
12 Board to be the basis for the order on the claim or  
13 defense that the constitutional powers of the Presi-  
14 dent prevent such sequestration or reduction or per-  
15 mit the avoidance of such sequestration or reduction,  
16 and such claim or defense is finally determined by  
17 the Supreme Court of the United States to be valid,  
18 then the entire order issued pursuant to section 114  
19 for such fiscal year shall be null and void.

20 (e) TIMING OF RELIEF.—No order of any court  
21 granting declaratory or injunctive relief from the order of  
22 the President issued under section 114, including relief  
23 permitting or requiring the expenditure of funds seques-  
24 tered by such order, shall take effect during the pendency  
25 of the action before such court, during the time appeal

1 may be taken, or, if appeal is taken, during the period  
2 before the court to which such appeal is taken has entered  
3 its final order disposing of such action.

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

8 “(1) NUMBER AND APPOINTMENT.—The Board  
9 shall be composed of 5 members, the Chairman of  
10 the Board of Governors of the Federal Reserve Sys-  
11 tem and 4 other members to be appointed by the  
12 President. No member appointed by the President  
13 may be an officer or employee of any government.”;  
14 and any reports upon which such order was based shall  
15 be transmitted to the newly constituted Board.

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

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

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

1 (h) ECONOMIC DATA, ASSUMPTIONS, AND METH-  
2 ODOLOGIES.—The economic data and economic and tech-  
3 nical assumptions and estimation of methodologies used  
4 by OMB or CBO in preparing any report issued under  
5 section 114 shall not be subject to review in any judicial  
6 or administrative proceeding, and any choice made by the  
7 Board under section 114 shall not be subject to any such  
8 review.

9 **TITLE II—TECHNICAL AND**  
10 **CONFORMING AMENDMENTS**

11 **SEC. 201. AMENDMENTS TO THE CONGRESSIONAL BUDGET**  
12 **AND IMPOUNDMENT CONTROL ACT OF 1974.**

13 (a) REPEALER.—Paragraph (2) of section 3 of the  
14 Congressional Budget and Impoundment Control Act of  
15 1974, the first time it appears, is repealed.

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

1                   “(C) RELATIONSHIP TO ENTITLEMENT AU-  
2                   THORITY.—For purposes of titles III and IV,  
3                   all references to budget authority shall be con-  
4                   sidered to include the amount of budget author-  
5                   ity estimated to be needed to fund entitlement  
6                   provisions under existing or proposed law, and  
7                   all legislation increasing (or decreasing) the  
8                   level of entitlement authority under existing law  
9                   shall be considered to provide (or decrease) new  
10                  budget authority in that amount.”,

11 and by redesignating the next subparagraph accordingly.

12                  (c) DEFINITION OF ENTITLEMENT AUTHORITY.—  
13 Paragraph (9) of section 3 of the Congressional Budget  
14 and Impoundment Control Act of 1974 is amended by  
15 striking “spending authority described by section  
16 401(c)(2)(C)” and inserting the following: “, and the term  
17 ‘entitlement program’ refers to, any provision of law that  
18 has the effect of requiring the Government to make net  
19 payments (including intragovernmental payments) regard-  
20 less of the amount of budget authority that may be avail-  
21 able to make those payments. Those terms shall include  
22 amounts estimated to be required under provisions of law  
23 that depend on the fulfillment of non-legislative conditions

1 or are indefinite as to amount or timing. Except as pro-  
2 vided in the next sentence, if a provision of law that other-  
3 wise requires the Government to make net payments is  
4 directly or indirectly limited by any other provision of law  
5 to an amount of available budget authority, then entitle-  
6 ment authority does not exist. Subchapter II of chapter  
7 13 of title 31, United States Code, and the sequestration  
8 provisions of the Deficit Elimination Act of 1997 shall not  
9 be considered provisions of law that limit entitlement au-  
10 thority to the amount of available budget authority.”

11 (d) DEFINITION OF MEANS OF FINANCING.—Section  
12 3 of the Congressional Budget and Impoundment Control  
13 Act of 1974 is amended by adding at the end the following  
14 new paragraph:

15 “(11) The term ‘means of financing’ means the  
16 financial transactions of the Government that con-  
17 sist of exchanges of money or monetary proxies of  
18 equal value and therefore are not counted as obliga-  
19 tions, outlays, or revenues, such as net Federal bor-  
20 rowing from the public in any form, debt redemp-  
21 tion, seignorage on coins and profits from the sale  
22 of gold, and changes in outstanding check or other  
23 monetary credits, including write-offs.”

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

4 (f) TIMETABLE.—Section 300 of the Congressional  
5 Budget Act of 1974 is amended by striking “February  
6 25” and inserting “Six weeks after the President’s budget  
7 submission”.

8 (g) REQUIRED CONTENTS OF BUDGET RESOLU-  
9 TION.—Section 301(a) of the Congressional Budget Act  
10 of 1974 is amended by striking “planning levels”, by strik-  
11 ing “two” and inserting “four”, by striking “, budget out-  
12 lays, direct loan obligations, and primary loan guarantee  
13 commitments” both places it appears and inserting “and  
14 outlays”, by striking paragraphs (5), (6) and (7), by strik-  
15 ing the semicolon at the end of paragraph (4) and insert-  
16 ing a period, by inserting “and” after the semicolon at  
17 the end of paragraph (3), and by striking the last sen-  
18 tence.

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

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

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

1           “(A) the appropriate level of the debt held  
2           by the public;

3           “(B) the discretionary funding limit for  
4           the fiscal year, but only if and to the extent re-  
5           quired by section 103 or 104 of the Deficit  
6           Elimination Act of 1997;

7           “(C) the amount of direct spending change  
8           required of or allowed by each committee of the  
9           House of Representatives in laws within that  
10          committee’s jurisdiction and the amount of re-  
11          ceipts change required of or allowed by the  
12          Committee on Ways and Means of the House of  
13          Representatives in laws within that committee’s  
14          jurisdiction, but only to the extent specified in  
15          section 105 of that Act; and

16          “(D) the amount, if any, to be withdrawn  
17          from the Stabilization Reserve Fund and paid  
18          to the General Fund of the Treasury during the  
19          fiscal year under section 117 of that Act.”.

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

23          (j) TECHNICAL CORRECTION TO SECTION 301(e).—  
24          Section 301(e) of the Congressional Budget Act of 1974

1 is amended by inserting “new” before “budget authority”  
2 in the second sentence.

3 (k) SECTION 301(i) POINT OF ORDER.—Section  
4 301(i) of the Congressional Budget Act of 1974 is amend-  
5 ed to read as follows:

6 “(i) It shall not be in order in the House of Rep-  
7 resentatives or the Senate to consider any concurrent reso-  
8 lution on the budget for a fiscal year beginning on October  
9 1 of the year in which the resolution is considered (or  
10 amendment to, motion regarding, or conference report on  
11 such a resolution) unless—

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

14 “(2) it fully meets the direct spending and re-  
15 ceipts deficit reduction requirement,

16 for that fiscal year under sections 101 through 104 of the  
17 Deficit Elimination Act of 1997, using estimates of that  
18 limit and that requirement chosen by the Board of Esti-  
19 mates.”.

20 (l) COMMITTEE ALLOCATIONS AND SUBALLO-  
21 CATIONS.—Section 602 of the Congressional Budget Act  
22 of 1974 is amended—

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

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

8           (3) in subsection (a)(3), by striking “, entitle-  
9           ment authority,” both times it appears and by strik-  
10          ing “, outlays, or social security outlays” both times  
11          it appears and inserting “or outlays”.

12          (m) REDESIGNATION OF COMMITTEE ALLOCA-  
13          TIONS.—Subsections (a) and (b) of section 302 of the  
14          Congressional Budget Act of 1974 are repealed and sub-  
15          sections (a) and (b) of section 602 of that Act (as amend-  
16          ed by subsection (g)) are redesignated as subsections (a)  
17          and (b) of section 302, respectively.

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

23          (o) POINTS OF ORDER UNDER SECTION 302(f).—(1)  
24          Section 302(f)(1) of the Congressional Budget Act of  
25          1974 is amended to read as follows:

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

6                   “(A) the enactment of the bill or resolution  
7 as reported or in the form recommended in the  
8 conference report, or

9                   “(B) the adoption of the amendment,  
10 when added to existing levels of new budget author-  
11 ity, would cause the level of new budget authority  
12 for the fiscal year starting in the year in which the  
13 most recent concurrent resolution on the budget was  
14 agreed to, or for the sum of that fiscal year and the  
15 next 4 fiscal years, to exceed an allocation to a com-  
16 mittee made under subsection (a) for either period,  
17 or to exceed a suballocation made under subsection  
18 (b) for that fiscal year.”.

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

20                   (A) in the first sentence, by striking “for budg-  
21 et outlays,” by striking “new budget authority, or  
22 new spending authority (as defined in section  
23 401(c)(2))” and inserting “new budget authority”,  
24 by striking “outlays or” both places it appears, and  
25 by striking “or provides for social security outlays in

1 excess of the appropriate allocation of social security  
2 outlays under subsection (a)”; and

3 (B) by striking the third sentence.

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

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

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

11 (2) in subsection (a) by striking “either the  
12 House of Representatives or”, by inserting “or” at  
13 the end of paragraph (2), by striking “paragraphs  
14 (4), (5), and (6), and after paragraph (6) by strik-  
15 ing “for” and inserting “covering” and by striking  
16 “(or, in the Senate, a concurrent resolution on the  
17 budget covering such fiscal year)”;

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

20 (4) by adding at the end the following new sub-  
21 section:

22 “(d) POINT OF ORDER IN THE HOUSE OF REP-  
23 RESENTATIVES.—It shall not be in order in the House of  
24 Representatives to consider any bill, joint resolution,

1 amendment, or conference report if that legislation, as re-  
2 ported, includes any provision—

3 “(1) providing new budget authority;

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

5 “(3) altering the limit on the debt held by the  
6 public;

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

10 (q) CONSIDERATION OF SPIN-OFF LEGISLATION.—

11 Section 305 of the Congressional Budget Act of 1974 is  
12 amended by adding at the end the following new sub-  
13 section:

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

18 (r) COST ESTIMATES AND SCOREKEEPING RE-  
19 PORTS.—Section 308 of the Congressional Budget Act of  
20 1974 is amended—

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

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

1           (3) in subsection (a), by striking “in the reports  
2 submitted”, by inserting “302(a) or” before  
3 “302(b)”, in paragraph (1)(B) by striking “spending  
4 authority” and everything that follows through  
5 “401(e)(2) which is” and inserting “budget author-  
6 ity” and by striking “annual appropriations” and in-  
7 serting “annual discretionary appropriations”, and  
8 in paragraph (1)(C) by striking “such budget au-  
9 thority” and all that follows through “loan guaran-  
10 tee commitments” and inserting “new budget au-  
11 thority, outlays, or revenues”; and

12           (4) in subsection (c), by adding “and” at the  
13 end of paragraph (1), by striking “period;” and in-  
14 serting “period.” at the end of paragraph (2), and  
15 by striking paragraphs (3), (4), and (5).

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

18           (1) in subsection (a), by striking “which—(A)”  
19 and all that follows through “fiscal year, contained  
20 in” and inserting the following: “which outlays re-  
21 sulting from” and by striking “jurisdiction of a com-  
22 mittee is” and inserting “jurisdiction of a committee  
23 other than the Committee on Appropriations of ei-  
24 ther House are”;

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

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

13          (3) in subsection (d)(1), by striking “or new en-  
14          titlement authority”; and

15          (4) by repealing subsection (g).

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

19                       “ENFORCING THE REVENUE FLOOR

20          “SEC. 311. (a) POINT OF ORDER.—It shall not be  
21          in order in either the House of Representatives or the Sen-  
22          ate to consider any bill, joint resolution, amendment, mo-  
23          tion, or conference report if, as proposed to be adopted  
24          and when added to existing revenue levels, it would cause  
25          the level of revenues for the fiscal year starting in the year  
26          in which the most recent concurrent resolution on the

1 budget was agreed to, or for the sum of that fiscal year  
2 and the 4 succeeding fiscal years, to be lower than the  
3 appropriate level of revenues for either period set forth  
4 in that concurrent resolution.

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

10       (2) CONFORMING AMENDMENT.—The item relating  
11 to section 311 in the table of contents set forth in section  
12 1(b) is amended to read as follows:

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

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

16       (v) CONSIDERATION OF LEGISLATION THAT HAS  
17 NOT BEEN REPORTED.—Section 312 of the Congres-  
18 sional Budget Act of 1974 is amended by inserting at the  
19 end the following:

20       “(c) CONSIDERATION OF LEGISLATION THAT HAS  
21 NOT BEEN REPORTED.—In the House of Representatives,  
22 any point of order under title III or IV that would lie  
23 against consideration of a bill or joint resolution as re-  
24 ported by a committee shall also lie against a motion to

1 consider legislation respecting which no report has been  
2 filed.”

3 (w) CONFORMING AMENDMENTS TO SECTION 313.—  
4 Section 313 of the Congressional Budget Act of 1974 is  
5 amended by striking “or section 258C” and everything  
6 that follows through “Deficit Control Act of 1985”, by  
7 striking “; and (F)” and everything that follows through  
8 “310(g)”, by redesignating the second subsection (c) and  
9 subsection (d) as subsections (d) and (e), respectively, and  
10 by striking “or (b)(1)(F)”.

11 (x) BORROWING AND CONTRACT AUTHORITY.—Sec-  
12 tion 401 of the Congressional Budget Act of 1974 is  
13 amended—

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

18 (2) by repealing subsections (b) and (c) and by  
19 redesignating subsection (d) as subsection (b); and

20 (3) in subsection (b) (as redesignated), by strik-  
21 ing “Subsections (a) and (b)” and inserting “Sub-  
22 section (a)”, by inserting “non-interest” before “re-  
23 ceipts” in paragraph (1)(B), by repealing paragraph  
24 (2), and by redesignating paragraph (3) as para-  
25 graph (2).

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

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

10           (1) by adding at the end the following new sub-  
11 section:

12           “(d) In fulfilling the requirements of subsection  
13 (a)(2), the Director shall place special emphasis on costs  
14 imposed on State or local governments by the enactment  
15 or expansion of Federal mandates, and shall estimate both  
16 the costs of those mandates and the degree, if any, to  
17 which Federal financing is provided to State or local gov-  
18 ernments to cover those costs.”; and

19           (2) in subsection (a), by striking “of a public  
20 character”.

21           (aa) CONFORMING CHANGE TO SECTION 405.—Sec-  
22 tion 405 of the Congressional Budget Act of 1974 is  
23 amended by striking “spending authority” and all that fol-  
24 lows through “permanent appropriations” and inserting

1 “new budget authority (other than through appropriations  
2 Acts) or entitlement authority”.

3 (bb) OFF-BUDGET AGENCIES.—Section 406(a) of the  
4 Congressional Budget Act of 1974 is amended by striking  
5 “credit authority, and estimates of outlays” and inserting  
6 “outlays,”, by striking “the date of enactment” and all  
7 that follows through “Trust Funds,” and inserting “Au-  
8 gust 15, 1992,”, and by striking “, outlays, and spending  
9 authority” and inserting “and outlays”.

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

12 **SEC. 202. AMENDMENTS TO THE FEDERAL CREDIT REFORM**  
13 **ACT OF 1990.**

14 (a) DEFERRED COST SHARING.—The second sen-  
15 tence of section 502(1) of the Congressional Budget Act  
16 of 1974 is amended by inserting before the period the fol-  
17 lowing: “, and Federal payments for the construction of  
18 a Federal project to the extent those payments must, by  
19 law or contract, be repaid to the Government”.

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

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

24 (2) in subparagraph (B), by striking “recover-  
25 ies.” and inserting “recoveries, and routine work-

1       outs of loans in imminent danger of default when  
2       those work-outs are to maximize repayments to the  
3       Government.”;

4               (3) in subparagraph (C), by striking “and” at  
5       the end of clause (i), by striking the period at the  
6       end of clause (ii) and inserting a comma, and by  
7       adding at the end the following:

8               “(iii) routine work-outs of loans in immi-  
9       nent danger of default when those work-outs  
10       are to minimize claims against the Govern-  
11       ment.”; and

12              (4) by striking subparagraph (D) and inserting  
13       the following new subparagraph:

14              “(D) The cost of a modification of a direct  
15       loan, a direct loan obligation, a loan guarantee, or  
16       a loan guarantee commitment shall be the net  
17       present value, at the time of the modification, of the  
18       change in cash flows estimated to occur as a result  
19       of that modification. OMB shall measure that  
20       change in relation to the current policy baseline in  
21       the most recent budget under section 1105(a) of  
22       title 31, United States Code. A modification may re-  
23       sult either from the enactment of legislation that di-  
24       rectly or indirectly alters the expected cash flows, or  
25       from the exercise of administrative discretion under

1 existing law, and includes the sale (with or without  
2 recourse) of loan assets by the Government. Modi-  
3 fications do not include changes in loan terms result-  
4 ing from the exercise by the borrower of an option  
5 included in the loan contract.”.

6 (c) CREDIT REFORM ACT CLARIFICATION.—Section  
7 504 of the Congressional Budget Act of 1974 is amend-  
8 ed—

9 (1) in subsection (b)(1), by striking “appropria-  
10 tions of” and inserting “new”, by striking “are  
11 made” and inserting “is provided”, and by inserting  
12 “in appropriation Acts” before the semicolon;

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

15 (3) in subsection (d)(1) by striking “costs of  
16 outstanding direct loans and loan guarantees” and  
17 inserting “costs of outstanding direct loans (or di-  
18 rect loan obligations) or loan guarantees (or loan  
19 guarantee commitments)”;

20 (4) in subsection (e), by striking “A direct  
21 loan” and all that follows through “comitment” and  
22 inserting “An outstanding direct loan (or direct loan  
23 obligation) or loan guarantee (or loan guarantee  
24 commitment)”.

1 (d) CREDIT REFORM ACT CORRECTION.—(1) Section  
2 506 of the Congressional Budget Act of 1974 is repealed.

3 (2) Section 507 of the Congressional Budget Act of  
4 1974 is redesignated as section 506, and the table of con-  
5 tents in section 1(b) of the Congressional Budget and Im-  
6 poundment Control Act of 1974 is amended by striking  
7 the item relating to section 506 and striking “SEC. 507.”  
8 and inserting “SEC. 506.”.

9 (e) EXISTING RIGHTS NOT IMPAIRED.—Section 506  
10 of the Congressional Budget Act of 1974 (as redesignated)  
11 is amended by striking “title. Nothing” and inserting  
12 “title, except that nothing” and by inserting after “con-  
13 strued” the following “(1) to alter the terms or conditions  
14 authorized to be included in loan or guarantee contracts  
15 or the rights and responsibilities of the government and  
16 the recipients of loans or guarantees under those contracts  
17 or the laws that authorize them, or (2)”.

18 (f) CREDIT REFORM LIQUIDATING ACCOUNTS.—(1)  
19 Section 502(8) of the Congressional Budget Act of 1974  
20 is amended by striking “budget account” and inserting  
21 “nonbudget account” and by striking the last sentence  
22 and inserting “Transactions between the Treasury or the  
23 Federal Financing Bank and any liquidating account shall  
24 be considered non-budgetary.”.

1           (2) Section 505(d) of the Congressional Budget Act  
2 of 1974 is amended by striking “If funds” and all that  
3 follows through “accounts, there” and inserting “There”  
4 and by striking “such obligations and commitments” and  
5 inserting “the obligations and commitments of liquidating  
6 accounts”.

7           (3) Section 506(b) of the Congressional Budget Act  
8 of 1974 (as redesignated) is amended by striking “be  
9 available, to” and all that follows through the end of that  
10 section, and inserting “immediately be transferred to the  
11 Federal Financing Bank to repay those debt obligations  
12 held by the Bank that were created to finance the loan  
13 being repaid, and all amounts not transferred to the Bank  
14 shall immediately be paid to the general fund of the Treas-  
15 ury. All debt owed to the Treasury as a result of agency  
16 borrowing authority used before October 1, 1991, for  
17 loans or guarantees is hereby cancelled. The provisions of  
18 this subsection shall not diminish any rights or respon-  
19 sibilities guaranteed by subsection (a).”.

20 **SEC. 203. AMENDMENTS TO THE RULES OF THE HOUSE OF**  
21 **REPRESENTATIVES.**

22           (a) BUDGET COMMITTEE JURISDICTION.—Clause  
23 1(e)(2) of rule X of the Rules of the House of Representa-  
24 tives is amended by inserting “(A)” after “(2)” and by  
25 inserting at the end the following:

1       “(B) Budget targets contained in any joint resolution  
2 described in section 118 of the Deficit Elimination Act of  
3 1997 (relating to low growth).”.

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

7           (1) by repealing subparagraph (2) of paragraph  
8 (a) and by redesignating subparagraph (3) as sub-  
9 paragraph (2);

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

13           (3) in paragraph (h), by striking “or section  
14 602 (in the case of fiscal years 1991 through  
15 1995)”.

16       (c) EMERGENCY DESIGNATIONS.—Clause 2(b) of rule  
17 XXI of the Rules of the House of Representatives is  
18 amended by striking “and” and by inserting before the  
19 period the following: “, and except emergency designations  
20 under section 102(b)(4) of the Deficit Elimination Act of  
21 1997”.

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

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

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

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

6           (3) in clause 1 by striking “adoption by the  
7           Congress” and all that follows through “for such pe-  
8           riod” and inserting “passage by the House of Rep-  
9           resentatives (under section 301 or 304 of the Con-  
10          gressional Budget Act of 1974) of a conference re-  
11          port or final agreement on any concurrent resolution  
12          on the budget containing any matter under section  
13          301(b)(5) of that Act”;

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

16          (5) in the last sentence of clause 1 by inserting  
17          “at the same time the engrossed copy of the concur-  
18          rent resolution on the budget is transmitted to the  
19          Senate” after “transmitted to the Senate for further  
20          legislative action”;

21          (6) in the first sentence of clause 2 by striking  
22          “be as follows” and all that follows through the pe-  
23          riod and inserting the following: “be the text of the  
24          section in the concurrent resolution on the budget

1 included under section 301(b)(5) of the Congress-  
2 sional Budget Act of 1974, without change.”, and in  
3 the second sentence by striking “budget;” and all  
4 that follows through the period and inserting “budget-  
5 et.”; and

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

9 **SEC. 204. AMENDMENTS TO THE STANDING RULES OF THE**  
10 **SENATE.**

11 The Standing Rules of the Senate are amended by  
12 adding at the end the following:

13 **“Rule —**

14 **“SPIN-OFF LEGISLATION**

15 “Upon passage of a conference report on any concur-  
16 rent resolution on the budget containing additional matter  
17 under section 301(b)(5) of the Congressional Budget Act  
18 of 1974, the joint resolution passed by the House of Rep-  
19 resentatives under rule XLIX of the Rules of the House  
20 of Representatives shall be deemed to have been passed  
21 by the Senate, and shall be prepared for transmittal to  
22 the President under the applicable rules of the Senate and  
23 the House of Representatives. The vote by which the con-  
24 ference report on the concurrent resolution on the budget  
25 was agreed to in the Senate shall be deemed to have been

1 a vote in favor of such joint resolution upon final passage  
2 in the Senate.”.

3 **SEC. 205. PRESIDENT’S BUDGET AND SUPPLEMENTAL**  
4 **BUDGET ESTIMATES.**

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

8 “(3) ‘Expenditures’ has the same meaning as  
9 the term ‘outlays’ in the Deficit Elimination Act of  
10 1997.

11 “(4) All other terms used herein or in the docu-  
12 ments prepared hereunder shall have the meanings  
13 set forth in the Deficit Elimination Act of 1997.”.

14 (b) BYRD AMENDMENT.—Section 1103 of title 31,  
15 United States Code, is amended by striking “commitment  
16 that budget” and inserting “commitment that, starting  
17 with fiscal year 2002,”.

18 (c) PRESIDENT’S BUDGET SUBMISSION.—Section  
19 1105(a) of title 31, United States Code, is amended—

20 (1) in the first sentence by striking “On or  
21 after the first Monday in January but not later than  
22 the first Monday in February of each year” and in-  
23 serting “On or before the first Monday in February  
24 or the 21st calendar day beginning after the date

1 the Board of Estimates issues a report to the Presi-  
2 dent under section 114 of the Deficit Elimination  
3 Act of 1997”;

4 (2) in paragraph (15) by striking “section  
5 301(a)(1)–(5)” and inserting “section 301(a)(1)–  
6 (4);

7 (3) in paragraph (16) by striking “section  
8 3(a)(3)” and inserting “section 3(3)”; and

9 (4) by adding at the end the following new  
10 paragraph:

11 “(32) an analysis of the financial condition of  
12 Government-sponsored enterprises and the financial  
13 exposure of the Government, if any, posed by  
14 them.”.

15 (d) USE OF OFFICIAL ESTIMATES.—Section 1105(f)  
16 of title 31, United States Code, is amended by striking  
17 “Balanced Budget and Emergency Deficit Control Act of  
18 1985” and inserting “Deficit Elimination Act of 1997”  
19 and by inserting at the end the following new sentence:  
20 “That budget shall be consistent with the discretionary  
21 funding limit and the direct spending and receipts deficit  
22 reduction requirement for that year chosen by the Board  
23 of Estimates and shall be based upon the major estimating  
24 assumptions chosen by that Board.”.

1 (e) MIDSESSION REVIEW.—Section 1106(a) of title  
2 31, United States Code, is amended by striking “July 16  
3 of each year” and inserting “August 30 of each year” and  
4 by striking “submitted before July 16”.

5 (f) CURRENT POLICY BASELINE.—(1) The first sen-  
6 tence of section 1109 of title 31, United States Code, is  
7 amended to read as follows: “In the budget submitted  
8 under section 1105(a) or 1106(a), the President shall in-  
9 clude a current policy baseline (as defined in section 116  
10 of the Deficit Elimination Act of 1997) for the current  
11 year, the budget year, and the outyears, including a de-  
12 tailed comparison of that baseline with his proposed budg-  
13 et for those years.”.

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

16 “(b) The baseline referred to in subsection (a) shall  
17 be calculated using the major estimating assumptions cho-  
18 sen by the Board of Estimates under section 114 of the  
19 Deficit Elimination Act of 1997.”.

20 (g) GLOSSARY OF TERMS.—Section 1112(c) of title  
21 31, United States Code, is amended by striking “The  
22 Comptroller General—” and inserting “The Directors of  
23 CBO and OMB, jointly—”.

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

2 (a) **REPEALERS.**—The following provisions of law are  
3 repealed:

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

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

7 (3) Section 203 (relating to financial manage-  
8 ment reform) of Public Law 100–119 (2 U.S.C. 621  
9 note).

10 (4) The first subparagraph (F) of section  
11 201(d)(2) of the Agricultural Act of 1949 (7 U.S.C.  
12 1446(d)(2)(F)).

13 (b) **ANTIDEFICIENCY ACT.**—Section 1341(a)(1) of  
14 title 31, United States Code, is amended by striking “sec-  
15 tion 252 of the Balanced Budget and Emergency Deficit  
16 Control Act of 1985” both times it appears and inserting  
17 “the Deficit Elimination Act of 1997”.

18 (c) **DEBT HELD BY THE PUBLIC.**—(1) Section 3101  
19 of title 31, United States Code, is amended to read as  
20 follows:

21 **“SEC. 3101. PUBLIC DEBT LIMIT.**

22 “(a) The amount of public debt obligations issued  
23 under this chapter, and the amount of debt issued by  
24 agencies other than the Treasury under separate statutory  
25 authority, may be not more than \$5,500,000,000,000 out-  
26 standing at one time, subject to changes periodically made

1 in that amount as provided by law through the congres-  
2 sional budget process described in rule XLIX of the Rules  
3 of the House of Representatives or otherwise.

4 “(b) Debt issued to United States Government trust  
5 funds or to other agencies or accounts of the United  
6 States Government (except the Federal Reserve System)  
7 shall be excluded from the amount of debt taken into ac-  
8 count in deciding whether the limit of subsection (a) has  
9 been exceeded.

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

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

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

21 “(A) the original purchase price of the ob-  
22 ligation, plus

23 “(B) the portion of the discount on the ob-  
24 ligation attributable to periods before the begin-  
25 ning of such month (as determined under the

1 principles of section 1272(a) of the Internal  
2 Revenue Code of 1986 without regard to any  
3 exceptions contained in paragraph (2) of such  
4 section).”.

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