

107TH CONGRESS
2D SESSION

H. R. 5259

To reform Federal budget procedures to restrain congressional spending, foster greater oversight of the budget, account for accurate Government agency costs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 26, 2002

Mr. RYAN of Wisconsin introduced the following bill; which was referred to the Committee on the Budget, for a period ending not later than August 31, 2002, and in addition to the Committees on Ways and Means, Rules, and Government Reform, for a period to be determined subsequently by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To reform Federal budget procedures to restrain congressional spending, foster greater oversight of the budget, account for accurate Government agency costs, 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 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited at the
5 “Budget Fraud Elimination Act of 2002”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

TITLE I—TRUTH IN BUDGETING

Subtitle A—Limit on the Public Debt

- Sec. 101. Findings.
- Sec. 102. Purpose.
- Sec. 103. Limit on public debt.

Subtitle B—Establishment of Biennial Budgeting

- Sec. 111. Findings.
- Sec. 112. Revision of timetable.
- Sec. 113. Amendments to the Congressional Budget and Impoundment Control Act of 1974.
- Sec. 114. Amendments to rules of House of Representatives.
- Sec. 115. Amendments to title 31, United States Code.
- Sec. 116. Two-year appropriations; title and style of appropriation acts.
- Sec. 117. Multiyear authorizations.
- Sec. 118. Government strategic and performance plans on a biennial basis.
- Sec. 119. Biennial appropriation bills.
- Sec. 120. Assistance by Federal agencies to standing committees of the Senate and the House of Representatives.
- Sec. 121. Report on two-year fiscal period.
- Sec. 122. Special transition period for the 108th Congress.
- Sec. 123. Effective date.

TITLE II—TRUTH IN SPENDING

Subtitle A—Emergency Spending Legislation

- Sec. 201. Emergency spending legislation and the baseline.
- Sec. 202. OMB emergency criteria.
- Sec. 203. Point of order to enforce definition of emergency.

Subtitle B—The Byrd Rule

- Sec. 211. Limitation on Byrd rule.

Subtitle C—Spending Accountability Reserve

- Sec. 231. Short title.
- Sec. 232. Spending accountability reserve ledger.
- Sec. 233. Downward adjustment of section 302(a) allocations and section 302(b) suballocations.
- Sec. 234. Periodic reporting of ledger statements.
- Sec. 235. Downward adjustment of discretionary spending limits.
- Sec. 236. Reduction in revenues.

Subtitle D—Enhanced Rescissions of Budget Authority Identified by the President as Wasteful Spending

- Sec. 251. Short title.
- Sec. 252. Enhanced consideration of certain proposed rescissions.

Subtitle E—Extension of Discretionary Spending Limits and Paygo

Sec. 261. Amendments to sections 251, 252, and 275 of the Balanced Budget and Emergency Deficit Control Act of 1985.

Subtitle F—Paygo Requirements and the On-Budget Surplus

Sec. 271. Paygo requirements and the on-budget surplus.

Subtitle G—Treatment of Extraneous Appropriations in Omnibus Appropriation Measures

Sec. 281. Treatment of extraneous appropriations.

TITLE III—BUDGETING AND MANAGING FOR RESULTS: FULL FUNDING FOR FEDERAL RETIREE COSTS

Subtitle A—Accrual Funding of Pensions and Retirement Pay for federal Employees and Uniformed Services Personnel

- Sec. 301. Civil Service Retirement System.
- Sec. 302. Central Intelligence Agency Retirement and Disability System.
- Sec. 303. Foreign Service Retirement and Disability System.
- Sec. 304. Public Health Service Commissioned Corps Retirement System.
- Sec. 305. National Oceanic and Atmospheric Administration Commissioned Officer Corps Retirement System.
- Sec. 306. Coast Guard Military Retirement System.

Subtitle B—Accrual Funding of Post-Retirement Health Benefits Costs for Federal Employees

- Sec. 311. Federal employees health benefits fund.
- Sec. 312. Funding uniformed services health benefits for all retirees.
- Sec. 313. Effective date.

1 **TITLE I—TRUTH IN BUDGETING**
 2 **Subtitle A—Limit on the Public**
 3 **Debt**

4 **SEC. 101. FINDINGS.**

5 The Congress finds the following:

6 (1) Since 1997, Congress has paid down and
 7 retired approximately \$500,000,000,000 of the Gov-
 8 ernment’s debt which was previously held by the
 9 public.

10 (2) This reduction in the Government’s debt to
 11 the public should permit a lowering of the statutory

1 debt ceiling. However, the statutory definition min-
2 gles both the public debt and intragovernment liabil-
3 ities, the latter of which do not represent resource
4 withdrawals for the economy.

5 (3) Intragovernment accounts such as the social
6 security trust funds, the Civil Service Retirement
7 and Disability Fund, the Department of Defense
8 Military Retirement Fund, and the Unemployment
9 Trust Fund constitute accrued liabilities of the Gov-
10 ernment which will be paid from future receipts,
11 taxes, or borrowing. If the Government issues debt
12 to the public to fund such liabilities in the future,
13 that debt will properly be subject to the debt ceiling.

14 (4) Properly defining the debt of the Govern-
15 ment would permit lowering the debt ceiling to take
16 account of, and lock in, the fiscal progress that has
17 been made.

18 **SEC. 102. PURPOSE.**

19 It is the purpose of this subtitle to—

20 (1) properly define the public debt to exclude
21 intragovernment obligations; and

22 (2) reduce the public debt ceiling in recognition
23 of the reduction in outstanding public debt in recent
24 years, and to encourage further fiscal responsibility

1 and progress toward eliminating the remaining out-
2 standing debt.

3 **SEC. 103. LIMIT ON PUBLIC DEBT.**

4 Section 3101 of title 31, United States Code, is
5 amended to read as follows:

6 **“§ 3101. Public debt limit**

7 “(a) In this section, the current redemption value of
8 an obligation issued on a discount basis and redeemable
9 before maturity at the option of its holder is deemed to
10 be the face amount of the obligation.

11 “(b) The face amount of obligations issued under this
12 chapter and the face amount of obligations whose prin-
13 cipal and interest are guaranteed by the United States
14 Government (except guaranteed obligations held by the
15 Secretary of the Treasury and intragovernmental hold-
16 ings) may not be more than \$3,750,000,000,000 out-
17 standing at one time, subject to changes periodically made
18 in that amount as provided by law.

19 “(c) For purposes of this section, the face amount,
20 for any month, of any obligation issued on a discount basis
21 that is not redeemable before maturity at the option of
22 the holder of the obligation is an amount equal to the sum
23 of—

24 “(1) the original issue price of the obligation,
25 plus

1 “(2) the portion of the discount on the obliga-
2 tion attributable to periods before the beginning of
3 such month (as determined under the principles of
4 section 1272(a) of the Internal Revenue Code of
5 1986 without regard to any exceptions contained in
6 paragraph (2) of such section).

7 “(d) For purposes of this section, the term
8 ‘intragovernment holding’ is any obligation issued by the
9 Secretary of the Treasury to any Federal trust fund or
10 Government account, whether in respect of public money,
11 money otherwise required to be deposited in the Treasury,
12 or amounts appropriated.”.

13 **Subtitle B—Establishment of** 14 **Biennial Budgeting**

15 **SECTION 111. FINDINGS.**

16 The Congress finds that—

17 (1) the annual appropriations and budget proc-
18 ess increasingly dominates the congressional agenda
19 and Congress regularly fails to meet the deadlines of
20 the Congressional Budget Act of 1974;

21 (2) the design of the budget process has led to
22 repetitive and time-consuming budget votes, decreas-
23 ing the time available for the systematic and pro-
24 grammatic oversight of Federal programs and delay-

1 ing the enactment of legislation necessary to fund
2 the Government;

3 (3) Congress' responsibility to improve the effi-
4 ciency, economy, and effectiveness of governmental
5 operations, evaluate programs and performance, de-
6 tect and prevent poor administration, waste, or
7 abuse in Government programs, ensure that execu-
8 tive policies reflect the public interest, ensure admin-
9 istrative compliance with legislative intent, and pre-
10 vent executive encroachment on legislative authority
11 and prerogatives is undermined by the current time-
12 consuming and repetitive budget process;

13 (4) an annual budget process encourages ineffi-
14 ciency in the management, stability, and predict-
15 ability of Federal funding, particularly for States
16 and localities;

17 (5) a biennial budget process will reduce the
18 number of budget-related votes during each Con-
19 gress, enhance congressional oversight of Govern-
20 ment operations, encourage longer time horizons in
21 policy planning and greater stability in fiscal policy;

22 (6) a biennial budget process was a principal
23 recommendation of the 1993 Joint Committee on
24 the Organization of Congress and the Vice Presi-
25 dent's National Performance Review;

1 (7) since the enactment of the Congressional
2 Budget Act of 1974, more than 50 bills addressing
3 a two-year budget cycle have been introduced, 10 bi-
4 ennial budget related provisions were reported by
5 congressional committees, 7 passed either chamber
6 and 4 were enacted; more than 40 congressional or
7 special committee hearings addressed the issue of bi-
8 ennial budgeting; and the Congressional Budget Of-
9 fice, the Office of Management and Budget, and 5
10 different special task forces or joint committees of
11 Congress have either recommended biennial budg-
12 eting or further studies of it;

13 (8) the adoption of a biennial budget process
14 was recommended by President Reagan in the fiscal
15 year 1989 budget submission, by President Bush in
16 the fiscal year 1990 and 1991 budget submissions,
17 by President Clinton in the fiscal year 1995, 2000,
18 and 2001 budget submissions, and by President
19 Bush in the fiscal year 2002 budget submission; and

20 (9) a bipartisan majority of Members of the
21 House of Representatives support a biennial budget
22 process.

23 **SEC. 112. REVISION OF TIMETABLE.**

24 Section 300 of the Congressional Budget Act of 1974
25 (2 U.S.C. 631) is amended to read as follows:

1 “TIMETABLE

2 “SEC. 300. (a) IN GENERAL.—Except as provided by
 3 subsection (b), the timetable with respect to the congres-
 4 sional budget process for any Congress (beginning with
 5 the One Hundred Ninth Congress) is as follows:

		“First Session
“On or before:		Action to be completed:
First Monday in February		President submits budget recommendations.
February 15		Congressional Budget Office submits report to Budget Committees.
Not later than 6 weeks after budget submission.		Committees submit views and estimates to Budget Committees.
April 1		Budget Committees report concurrent resolution on the biennial budget.
May 15		Congress completes action on concurrent resolution on the biennial budget.
May 15		Biennial appropriation bills may be considered in the House.
June 10		House Appropriations Committee reports last biennial appropriation bill.
June 30		House completes action on biennial appropriation bills.
October 1		Biennium begins.
		“Second Session
“On or before:		Action to be completed:
February 15		President submits budget review.
Not later than 6 weeks after President submits budget review.		Congressional Budget Office submits report to Budget Committees.
The last day of the session		Congress completes action on bills and resolutions authorizing new budget authority for the succeeding biennium.

6 “(b) SPECIAL RULE.—In the case of any first session
 7 of Congress that begins in any year during which the term
 8 of a President (except a President who succeeds himself)
 9 begins, the following dates shall supersede those set forth
 10 in subsection (a):

	“First Session
“On or before:	Action to be completed:
First Monday in April	President submits budget recommendations.
April 20	Committees submit views and estimates to Budget Committees.
May 15	Budget Committees report concurrent resolution on the biennial budget.
June 1	Congress completes action on concurrent resolution on the biennial budget.
June 1	Biennial appropriation bills may be considered in the House.
July 1	House Appropriations Committee reports last biennial appropriation bill.
July 20	House completes action on biennial appropriation bills.
October 1	Biennium begins.”.

1 **SEC. 113. AMENDMENTS TO THE CONGRESSIONAL BUDGET**
2 **AND IMPOUNDMENT CONTROL ACT OF 1974.**

3 (a) DECLARATION OF PURPOSE.—Section 2(2) of the
4 Congressional Budget and Impoundment Control Act of
5 1974 (2 U.S.C. 621(2)) is amended by striking “each
6 year” and inserting “biennially”.

7 (b) DEFINITIONS.—

8 (1) BUDGET RESOLUTION.—Section 3(4) of
9 such Act (2 U.S.C. 622(4)) is amended by striking
10 “fiscal year” each place it appears and inserting “bi-
11 ennium”.

12 (2) BIENNIUM.—Section 3 of such Act (2
13 U.S.C. 622) is amended by adding at the end the
14 following new paragraph:

15 “(11) The term ‘biennium’ means the period of
16 2 consecutive fiscal years beginning on October 1 of
17 any odd-numbered year.”.

1 (c) BIENNIAL CONCURRENT RESOLUTION ON THE
2 BUDGET.—

3 (1) CONTENTS OF RESOLUTION.—Section
4 301(a) of such Act (2 U.S.C. 632(a)) is amended—

5 (A) in the matter preceding paragraph (1)
6 by—

7 (i) striking “April 15 of each year”
8 and inserting “May 15 of each odd-num-
9 bered year”;

10 (ii) striking “the fiscal year beginning
11 on October 1 of such year” the first place
12 it appears and inserting “the biennium be-
13 ginning on October 1 of such year”; and

14 (iii) striking “the fiscal year beginning
15 on October 1 of such year” the second
16 place it appears and inserting “each fiscal
17 year in such period”;

18 (B) in paragraph (6), by striking “for the
19 fiscal year” and inserting “for each fiscal year
20 in the biennium”; and

21 (C) in paragraph (7), by striking “for the
22 fiscal year” and inserting “for each fiscal year
23 in the biennium”.

24 (2) ADDITIONAL MATTERS.—Section 301(b) of
25 such Act (2 U.S.C. 632(b)) is amended—

1 (A) in paragraph (3), by striking “for such
2 fiscal year” and inserting “for either fiscal year
3 in such biennium”; and

4 (B) in paragraph (7), by striking “for the
5 first fiscal year” and inserting “for each fiscal
6 year in the biennium”.

7 (3) VIEWS OF OTHER COMMITTEES.—Section
8 301(d) of such Act (2 U.S.C. 632(d)) is amended by
9 inserting “(or, if applicable, as provided by section
10 300(b))” after “United States Code”.

11 (4) HEARINGS.—Section 301(e)(1) of such Act
12 (2 U.S.C. 632(e)) is amended by—

13 (A) striking “fiscal year” and inserting
14 “biennium”; and

15 (B) inserting after the second sentence the
16 following: “On or before April 1 of each odd-
17 numbered year (or, if applicable, as provided by
18 section 300(b)), the Committee on the Budget
19 of each House shall report to its House the con-
20 current resolution on the budget referred to in
21 subsection (a) for the biennium beginning on
22 October 1 of that year.”.

23 (5) GOALS FOR REDUCING UNEMPLOYMENT.—
24 Section 301(f) of such Act (2 U.S.C. 632(f)) is

1 amended by striking “fiscal year” each place it ap-
2 pears and inserting “biennium”.

3 (6) ECONOMIC ASSUMPTIONS.—Section
4 301(g)(1) of such Act (2 U.S.C. 632(g)(1)) is
5 amended by striking “for a fiscal year” and insert-
6 ing “for a biennium”.

7 (7) SECTION HEADING.—The section heading of
8 section 301 of such Act is amended by striking “**AN-**
9 **NUAL**” and inserting “**BIENNIAL**”.

10 (8) TABLE OF CONTENTS.—The item relating
11 to section 301 in the table of contents set forth in
12 section 1(b) of such Act is amended by striking “An-
13 nual” and inserting “Biennial”.

14 (d) COMMITTEE ALLOCATIONS.—Section 302 of such
15 Act (2 U.S.C. 633) is amended—

16 (1) in subsection (a)(1) by—

17 (A) striking “for the first fiscal year of the
18 resolution,” and inserting “for each fiscal year
19 in the biennium,”;

20 (B) striking “for that period of fiscal
21 years” and inserting “for all fiscal years cov-
22 ered by the resolution”; and

23 (C) striking “for the fiscal year of that
24 resolution” and inserting “for each fiscal year
25 in the biennium”;

1 (2) in subsection (f)(1), by striking “for a fiscal
2 year” and inserting “for a biennium”;

3 (3) in subsection (f)(1), by striking “first fiscal
4 year” and inserting “either fiscal year of the bien-
5 nium”;

6 (4) in subsection (f)(2)(A), by—

7 (A) striking “first fiscal year” and insert-
8 ing “each fiscal year of the biennium”; and

9 (B) striking “the total of fiscal years” and
10 inserting “the total of all fiscal years covered by
11 the resolution”; and

12 (5) in subsection (g)(1)(A), by striking “April”
13 and inserting “May”.

14 (e) SECTION 303 POINT OF ORDER.—

15 (1) IN GENERAL.—Section 303(a) of such Act
16 (2 U.S.C. 634(a)) is amended by striking “for a fis-
17 cal year” and inserting “for a biennium” and by
18 striking “the first fiscal year” and inserting “each
19 fiscal year of the biennium”.

20 (2) EXCEPTIONS IN THE HOUSE.—Section
21 303(b) of such Act (2 U.S.C. 634(b)) is amended—

22 (A) in paragraph (1)(A), by striking “the
23 budget year” and inserting “the biennium”;

24 (B) in paragraph (1)(B), by striking “the
25 fiscal year” and inserting “the biennium”; and

1 (C) in paragraph (2), by inserting “(or
2 June 1 whenever section 300(b) is applicable)”
3 after “May 15”.

4 (3) APPLICATION TO THE SENATE.—Section
5 303(c)(1) of such Act (2 U.S.C. 634(c)) is amended
6 by—

7 (A) striking “fiscal year” and inserting
8 “biennium”; and

9 (B) striking “that year” and inserting
10 “each fiscal year of that biennium”.

11 (f) PERMISSIBLE REVISIONS OF CONCURRENT RESO-
12 LUTIONS ON THE BUDGET.—Section 304 of such Act (2
13 U.S.C. 635) is amended—

14 (1) by striking “fiscal year” the first two places
15 it appears and inserting “biennium”;

16 (2) by striking “for such fiscal year”; and

17 (3) by inserting before the period “for such bi-
18 ennium”.

19 (g) PROCEDURES FOR CONSIDERATION OF BUDGET
20 RESOLUTIONS.—Section 305(a)(3) of such Act (2 U.S.C.
21 636(b)(3)) is amended by striking “fiscal year” and in-
22 serting “biennium”.

23 (h) COMPLETION OF HOUSE COMMITTEE ACTION ON
24 APPROPRIATION BILLS.—Section 307 of such Act (2
25 U.S.C. 638) is amended—

1 (1) by striking “each year” and inserting “each
2 odd-numbered year (or, if applicable, as provided by
3 section 300(b), July 1)”;

4 (2) by striking “annual” and inserting “bien-
5 nial”;

6 (3) by striking “fiscal year” and inserting “bi-
7 ennium”; and

8 (4) by striking “that year” and inserting “each
9 odd-numbered year”.

10 (i) QUARTERLY BUDGET REPORTS.—Section 308 of
11 such Act (2 U.S.C. 639) is amended by adding at the end
12 the following new subsection:

13 “(d) QUARTERLY BUDGET REPORTS.—The Director
14 of the Congressional Budget Office shall, as soon as prac-
15 ticable after the completion of each quarter of the fiscal
16 year, prepare an analysis comparing revenues, spending,
17 and the deficit or surplus for the current fiscal year to
18 assumptions included in the congressional budget resolu-
19 tion. In preparing this report, the Director of the Congres-
20 sional Budget Office shall combine actual budget figures
21 to date with projected revenue and spending for the bal-
22 ance of the fiscal year. The Director of the Congressional
23 Budget Office shall include any other information in this
24 report that it deems useful for a full understanding of the
25 current fiscal position of the Federal Government. The re-

1 ports mandated by this subsection shall be transmitted by
2 the Director to the Senate and House Committees on the
3 Budget, and the Congressional Budget Office shall make
4 such reports available to any interested party upon re-
5 quest.”.

6 (j) COMPLETION OF HOUSE ACTION ON REGULAR
7 APPROPRIATION BILLS.—Section 309 of such Act (2
8 U.S.C. 640) is amended—

9 (1) by striking “It” and inserting “Except
10 whenever section 300(b) is applicable, it”;

11 (2) by inserting “of any odd-numbered calendar
12 year” after “July”;

13 (3) by striking “annual” and inserting “bien-
14 nial”; and

15 (4) by striking “fiscal year” and inserting “bi-
16 ennium”.

17 (k) RECONCILIATION PROCESS.—Section 310 of such
18 Act (2 U.S.C. 641) is amended—

19 (1) in subsection (a), in the matter preceding
20 paragraph (1), by striking “any fiscal year” and in-
21 serting “any biennium”;

22 (2) in subsection (a)(1), by striking “such fiscal
23 year” each place it appears and inserting “any fiscal
24 year covered by such resolution”; and

1 (3) by striking subsection (f) and redesignating
2 subsection (g) as subsection (f).

3 (l) SECTION 311 POINT OF ORDER.—

4 (1) IN THE HOUSE.—Section 311(a)(1) of such
5 Act (2 U.S.C. 642(a)) is amended—

6 (A) by striking “for a fiscal year” and in-
7 serting “for a biennium”;

8 (B) by striking “the first fiscal year” each
9 place it appears and inserting “either fiscal
10 year of the biennium”; and

11 (C) by striking “that first fiscal year” and
12 inserting “each fiscal year in the biennium”.

13 (2) IN THE SENATE.—Section 311(a)(2) of
14 such Act is amended—

15 (A) in subparagraph (A), by striking “for
16 the first fiscal year” and inserting “for either
17 fiscal year of the biennium”; and

18 (B) in subparagraph (B)—

19 (i) by striking “that first fiscal year”
20 the first place it appears and inserting
21 “each fiscal year in the biennium”; and

22 (ii) by striking “that first fiscal year
23 and the ensuing fiscal years” and inserting
24 “all fiscal years”.

1 (3) SOCIAL SECURITY LEVELS.—Section
2 311(a)(3) of such Act is amended by—

3 (A) striking “for the first fiscal year” and
4 inserting “each fiscal year in the biennium”;
5 and

6 (B) striking “that fiscal year and the ensu-
7 ing fiscal years” and inserting “all fiscal
8 years”.

9 (m) MAXIMUM DEFICIT AMOUNT POINT OF
10 ORDER.—Section 312(c) of the Congressional Budget Act
11 of 1974 (2 U.S.C. 643) is amended—

12 (1) by striking “for a fiscal year” and inserting
13 “for a biennium”;

14 (2) in paragraph (1), by striking “first fiscal
15 year” and inserting “either fiscal year in the bien-
16 nium”;

17 (3) in paragraph (2), by striking “that fiscal
18 year” and inserting “either fiscal year in the bien-
19 nium”; and

20 (4) in the matter following paragraph (2), by
21 striking “that fiscal year” and inserting “the appli-
22 cable fiscal year”.

1 **SEC. 114. AMENDMENTS TO RULES OF HOUSE OF REP-**
2 **RESENTATIVES.**

3 (a) Clause 4(a)(1)(A) of rule X of the Rules of the
4 House of Representatives is amended by inserting “odd-
5 numbered” after “each”.

6 (b) Clause 4(a)(4) of rule X of the Rules of the House
7 of Representatives is amended by striking “fiscal year”
8 and inserting “biennium”.

9 (c) Clause 4(b)(2) of rule X of the Rules of the House
10 of Representatives is amended by striking “each fiscal
11 year” and inserting “the biennium”.

12 (d) Clause 4(b) of rule X of the Rules of the House
13 of Representatives is amended by striking “and” at the
14 end of subparagraph (5), by striking the period and insert-
15 ing “; and” at the end of subparagraph (6), and by adding
16 at the end the following new subparagraph:

17 “(7) use the second session of each Congress to
18 study issues with long-term budgetary and economic
19 implications, which would include—

20 “(A) hold hearings to receive testimony
21 from committees of jurisdiction to identify prob-
22 lem areas and to report on the results of over-
23 sight; and

24 “(B) by January 1 of each odd-number
25 year, issuing a report to the Speaker which

1 identifies the key issues facing the Congress in
2 the next biennium.”.

3 (e) Clause 11(i) of rule X of the Rules of the House
4 of Representatives is amended by striking “the same or
5 preceding fiscal year”.

6 (f) Clause 4(e) of rule X of the Rules of the House
7 of Representatives is amended by striking “annually” each
8 place it appears and inserting “biennially” and by striking
9 “annual” and inserting “biennial”.

10 (g) Clause 4(f) of rule X of the Rules of the House
11 of Representatives is amended—

12 (1) by inserting “during each odd-numbered
13 year” after “submits his budget”;

14 (2) by striking “fiscal year” the first place it
15 appears and inserting “biennium”; and

16 (3) by striking “that fiscal year” and inserting
17 “each fiscal year in such ensuing biennium”.

18 (h) Clause 3(d)(2)(A) of rule XIII of the Rules of
19 the House of Representatives is amended by striking
20 “five” both places it appears and inserting “six”.

21 (i) Clause 5(a)(1) of rule XIII of the Rules of the
22 House of Representatives is amended by striking “fiscal
23 year after September 15 in the preceding fiscal year” and
24 inserting “biennium after September 15 of the year in
25 which such biennium begins”.

1 **SEC. 115. AMENDMENTS TO TITLE 31, UNITED STATES**
2 **CODE.**

3 (a) DEFINITION.—Section 1101 of title 31, United
4 States Code, is amended by adding at the end the fol-
5 lowing new paragraph:

6 “(3) ‘biennium’ has the meaning given to such
7 term in paragraph (11) of section 3 of the Congres-
8 sional Budget and Impoundment Control Act of
9 1974 (2 U.S.C. 622(11)).”.

10 (b) BUDGET CONTENTS AND SUBMISSION TO THE
11 CONGRESS.—

12 (1) SCHEDULE.—The matter preceding para-
13 graph (1) in section 1105(a) of title 31, United
14 States Code, is amended to read as follows:

15 “(a) On or before the first Monday in February of
16 each odd-numbered year (or, if applicable, as provided by
17 section 300(b) of the Congressional Budget Act of 1974),
18 beginning with the One Hundred Ninth Congress, the
19 President shall transmit to the Congress, the budget for
20 the biennium beginning on October 1 of such calendar
21 year. The budget transmitted under this subsection shall
22 include a budget message and summary and supporting
23 information. The President shall include in each budget
24 the following:”.

25 (2) EXPENDITURES.—Section 1105(a)(5) of
26 title 31, United States Code, is amended by striking

1 “the fiscal year for which the budget is submitted
2 and the 4 fiscal years after that year” and inserting
3 “each fiscal year in the biennium for which the
4 budget is submitted and in the succeeding 4 years”.

5 (3) RECEIPTS.—Section 1105(a)(6) of title 31,
6 United States Code, is amended by striking “the fis-
7 cal year for which the budget is submitted and the
8 4 fiscal years after that year” and inserting “each
9 fiscal year in the biennium for which the budget is
10 submitted and in the succeeding 4 years”.

11 (4) BALANCE STATEMENTS.—Section
12 1105(a)(9)(C) of title 31, United States Code, is
13 amended by striking “the fiscal year” and inserting
14 “each fiscal year in the biennium”.

15 (5) GOVERNMENT FUNCTIONS AND ACTIVI-
16 TIES.—Section 1105(a)(12) of title 31, United
17 States Code, is amended in subparagraph (A), by
18 striking “the fiscal year” and inserting “each fiscal
19 year in the biennium”.

20 (6) ALLOWANCES.—Section 1105(a)(13) of title
21 31, United States Code, is amended by striking “the
22 fiscal year” and inserting “each fiscal year in the bi-
23 ennium”.

24 (7) ALLOWANCES FOR UNANTICIPATED AND
25 UNCONTROLLABLE EXPENDITURES.—Section

1 1105(a)(14) of title 31, United States Code, is
2 amended by striking “that year” and inserting “each
3 fiscal year in the biennium for which the budget is
4 submitted”.

5 (8) TAX EXPENDITURES.—Section 1105(a)(16)
6 of title 31, United States Code, is amended by strik-
7 ing “the fiscal year” and inserting “each fiscal year
8 in the biennium”.

9 (9) ESTIMATES FOR FUTURE YEARS.—Section
10 1105(a)(17) of title 31, United States Code, is
11 amended—

12 (A) by striking “the fiscal year following
13 the fiscal year” and inserting “each fiscal year
14 in the biennium following the biennium”;

15 (B) by striking “that following fiscal year”
16 and inserting “each such fiscal year”; and

17 (C) by striking “fiscal year before the fis-
18 cal year” and inserting “biennium before the bi-
19 ennium”.

20 (10) PRIOR YEAR OUTLAYS.—Section
21 1105(a)(18) of title 31, United States Code, is
22 amended—

23 (A) by striking “the prior fiscal year,” and
24 inserting “each of the 2 most recently com-
25 pleted fiscal years,”;

1 (B) by striking “for that year” and insert-
2 ing “with respect to those fiscal years”; and

3 (C) by striking “in that year” and insert-
4 ing “in those fiscal years”.

5 (11) PRIOR YEAR RECEIPTS.—Section
6 1105(a)(19) of title 31, United States Code, is
7 amended—

8 (A) by striking “the prior fiscal year” and
9 inserting “each of the 2 most recently com-
10 pleted fiscal years”;

11 (B) by striking “for that year” and insert-
12 ing “with respect to those fiscal years”; and

13 (C) by striking “in that year” each place
14 it appears and inserting “in those fiscal years”.

15 (c) ESTIMATED EXPENDITURES OF LEGISLATIVE
16 AND JUDICIAL BRANCHES.—Section 1105(b) of title 31,
17 United States Code, is amended by striking “each year”
18 and inserting “each even-numbered year”.

19 (d) RECOMMENDATIONS TO MEET ESTIMATED DE-
20 FICIENCIES.—Section 1105(c) of title 31, United States
21 Code, is amended—

22 (1) by striking “the fiscal year for” the first
23 place it appears and inserting “each fiscal year in
24 the biennium for”;

1 (2) by striking “the fiscal year for” the second
2 place it appears and inserting “each fiscal year of
3 the biennium, as the case may be,”; and

4 (3) by striking “that year” and inserting “for
5 each year of the biennium”.

6 (e) CAPITAL INVESTMENT ANALYSIS.—Section
7 1105(e)(1) of title 31, United States Code, is amended
8 by striking “ensuing fiscal year” and inserting “biennium
9 to which such budget relates”.

10 (f) SUPPLEMENTAL BUDGET ESTIMATES AND
11 CHANGES.—

12 (1) IN GENERAL.—Section 1106(a) of title 31,
13 United States Code, is amended—

14 (A) in the matter preceding paragraph (1),
15 by—

16 (i) inserting “and before February 15
17 of each even-numbered year” after “Before
18 July 16 of each year”; and

19 (ii) striking “fiscal year” and insert-
20 ing “biennium”;

21 (B) in paragraph (1), by striking “that fis-
22 cal year” and inserting “each fiscal year in
23 such biennium”;

1 (C) in paragraph (2), by striking “4 fiscal
2 years following the fiscal year” and inserting “4
3 fiscal years following the biennium”; and

4 (D) in paragraph (3), by striking “fiscal
5 year” and inserting “biennium”.

6 (2) CHANGES.—Section 1106(b) of title 31,
7 United States Code, is amended by—

8 (A) striking “the fiscal year” and inserting
9 “each fiscal year in the biennium”; and

10 (B) inserting “and before February 15 of
11 each even-numbered year” after “Before July
12 16 of each year”.

13 (g) CURRENT PROGRAMS AND ACTIVITIES ESTI-
14 MATES.—

15 (1) THE PRESIDENT.—Section 1109(a) of title
16 31, United States Code, is amended—

17 (A) by striking “On or before the first
18 Monday after January 3 of each year (on or be-
19 fore February 5 in 1986)” and inserting “At
20 the same time the budget required by section
21 1105 is submitted for a biennium”; and

22 (B) by striking “the following fiscal year”
23 and inserting “each fiscal year of such period”.

24 (2) JOINT ECONOMIC COMMITTEE.—Section
25 1109(b) of title 31, United States Code, is amended

1 by striking “March 1 of each year” and inserting
2 “within 6 weeks of the President’s budget submis-
3 sion for each odd-numbered year (or, if applicable,
4 as provided by section 300(b) of the Congressional
5 Budget Act of 1974)”.

6 (h) YEAR-AHEAD REQUESTS FOR AUTHORIZING
7 LEGISLATION.—Section 1110 of title 31, United States
8 Code, is amended by—

9 (1) striking “May 16” and inserting “March
10 31”; and

11 (2) striking “year before the year in which the
12 fiscal year begins” and inserting “calendar year pre-
13 ceding the calendar year in which the biennium be-
14 gins”.

15 **SEC. 116. TWO-YEAR APPROPRIATIONS; TITLE AND STYLE**
16 **OF APPROPRIATION ACTS.**

17 Section 105 of title 1, United States Code, is amend-
18 ed to read as follows:

19 **“§ 105. Title and style of appropriations Acts**

20 “(a) The style and title of all Acts making appropria-
21 tions for the support of the Government shall be as fol-
22 lows: ‘An Act making appropriations (here insert the ob-
23 ject) for each fiscal year in the biennium of fiscal years
24 (here insert the fiscal years of the biennium).’.

1 “(b) All Acts making regular appropriations for the
2 support of the Government shall be enacted for a biennium
3 and shall specify the amount of appropriations provided
4 for each fiscal year in such period.

5 “(c) For purposes of this section, the term ‘biennium’
6 has the same meaning as in section 3(11) of the Congres-
7 sional Budget and Impoundment Control Act of 1974 (2
8 U.S.C. 622(11)).”.

9 **SEC. 117. MULTIYEAR AUTHORIZATIONS.**

10 (a) IN GENERAL.—Title III of the Congressional
11 Budget Act of 1974 is amended by adding at the end the
12 following new section:

13 “MULTIYEAR AUTHORIZATIONS OF APPROPRIATIONS

14 “SEC. 316. (a) POINT OF ORDER.—(1)(A) It shall
15 not be in order in the House of Representatives or the
16 Senate to consider any measure that contains a specific
17 authorization of appropriations for any purpose unless the
18 measure includes such a specific authorization of appro-
19 priations for that purpose for not less than each fiscal year
20 in one or more bienniums.

21 “(B) For purposes of this paragraph, a specific au-
22 thorization of appropriations is an authorization for the
23 enactment of an amount of appropriations or amounts not
24 to exceed an amount of appropriations (whether stated as
25 a sum certain, as a limit, or as such sums as may be nec-
26 essary) for any purpose for a fiscal year.

1 “(2) Paragraph (1) does not apply with respect to
 2 an authorization of appropriations for a single fiscal year
 3 for any program, project, or activity if the measure con-
 4 taining that authorization includes a provision expressly
 5 stating the following: ‘Congress finds that no authoriza-
 6 tion of appropriation will be required for [Insert name of
 7 applicable program, project, or activity] for any subse-
 8 quent fiscal year.’.

9 “(3) For purposes of this section, the term ‘measure’
 10 means a bill, joint resolution, amendment, motion, or con-
 11 ference report”.

12 (b) AMENDMENT TO TABLE OF CONTENTS.—The
 13 table of contents set forth in section 1(b) of the Congres-
 14 sional Budget and Impoundment Control Act of 1974 is
 15 amended by adding after the item relating to section 315
 16 the following new item:

“Sec. 316. Multiyear authorizations of appropriations.”.

17 **SEC. 118. GOVERNMENT STRATEGIC AND PERFORMANCE**
 18 **PLANS ON A BIENNIAL BASIS.**

19 (a) STRATEGIC PLANS.—Section 306 of title 5,
 20 United States Code, is amended—

21 (1) in subsection (a), by striking “September
 22 30, 1997” and inserting “September 30, 2003”;

23 (2) in subsection (b)—

24 (A) by striking “at least every three years”
 25 and all that follows thereafter and inserting “at

1 least every 4 years, except that strategic plans
2 submitted by September 30, 2003, shall be up-
3 dated and revised by September 30, 2006”; and

4 (B) by striking “five years forward” and
5 inserting “six years forward”; and

6 (3) in subsection (c), by inserting a comma
7 after “section” the second place it appears and add-
8 ing “including a strategic plan submitted by Sep-
9 tember 30, 2003, meeting the requirements of sub-
10 section (a)”.

11 (b) BUDGET CONTENTS AND SUBMISSION TO CON-
12 GRESS.—Paragraph (28) of section 1105(a) of title 31,
13 United States Code, is amended by striking “beginning
14 with fiscal year 1999, a” and inserting “beginning with
15 fiscal year 2006, a biennial”.

16 (c) PERFORMANCE PLANS.—Section 1115 of title 31,
17 United States Code, is amended—

18 (1) in subsection (a)—

19 (A) in the matter before paragraph (1)—

20 (i) by striking “section 1105(a)(29)”
21 and inserting “section 1105(a)(28)”; and

22 (ii) by striking “an annual” and in-
23 serting “a biennial”;

1 (B) in paragraph (1) by inserting after
2 “program activity” the following: “for both
3 years 1 and 2 of the biennial plan”;

4 (C) in paragraph (5) by striking “and”
5 after the semicolon,

6 (D) in paragraph (6) by striking the period
7 and inserting a semicolon; and inserting “and”
8 after the inserted semicolon; and

9 (E) by adding after paragraph (6) the fol-
10 lowing:

11 “(7) cover each fiscal year of the biennium be-
12 ginning with the first fiscal year of the next biennial
13 budget cycle.”;

14 (2) in subsection (d) by striking “annual” and
15 inserting “biennial”; and

16 (3) in paragraph (6) of subsection (f) by strik-
17 ing “annual” and inserting “biennial”.

18 (d) MANAGERIAL ACCOUNTABILITY AND FLEXI-
19 BILITY.—Section 9703 of title 31, United States Code, re-
20 lating to managerial accountability, is amended—

21 (1) in subsection (a)—

22 (A) in the first sentence by striking “an-
23 nual”; and

24 (B) by striking “section 1105(a)(29)” and
25 inserting “section 1105(a)(28)”;

1 (2) in subsection (e)—

2 (A) in the first sentence by striking “one
3 or” before “two years”;

4 (B) in the second sentence by striking “a
5 subsequent year” and inserting “for a subse-
6 quent 2-year period”; and

7 (C) in the third sentence by striking
8 “three” and inserting “four”.

9 (e) STRATEGIC PLANS.—Section 2802 of title 39,
10 United States Code, is amended—

11 (1) in subsection (a), by striking “September
12 30, 1997” and inserting “September 30, 2003”;

13 (2) in subsection (b), by striking “at least every
14 three years” and inserting “at least every 4 years
15 except that strategic plans submitted by September
16 30, 2003, shall be updated and revised by September
17 30, 2006”;

18 (3) in subsection (b), by striking “five years
19 forward” and inserting “six years forward”; and

20 (4) in subsection (c), by inserting a comma
21 after “section” the second place it appears and in-
22 serting “including a strategic plan submitted by
23 September 30, 2003, meeting the requirements of
24 subsection (a)”.

1 (f) PERFORMANCE PLANS.—Section 2803(a) of title
2 39, United States Code, is amended—

3 (1) in the matter before paragraph (1), by
4 striking “an annual” and inserting “a biennial”;

5 (2) in paragraph (1), by inserting after “pro-
6 gram activity” the following: “for both years 1 and
7 2 of the biennial plan”;

8 (3) in paragraph (5), by striking “and” after
9 the semicolon;

10 (4) in paragraph (6), by striking the period and
11 inserting “; and”; and

12 (5) by adding after paragraph (6) the following:

13 “(7) cover each fiscal year of the biennium be-
14 ginning with the first fiscal year of the next biennial
15 budget cycle.”.

16 (g) COMMITTEE VIEWS OF PLANS AND REPORTS.—
17 Section 301(d) of the Congressional Budget Act (2 U.S.C.
18 632(d)) is amended by adding at the end “Each committee
19 of the Senate or the House of Representatives shall review
20 the strategic plans, performance plans, and performance
21 reports, required under section 306 of title 5, United
22 States Code, and sections 1115 and 1116 of title 31,
23 United States Code, of all agencies under the jurisdiction
24 of the committee. Each committee may provide its views

1 on such plans or reports to the Committee on the Budget
2 of the applicable House.”.

3 (h) EFFECTIVE DATE.—

4 (1) IN GENERAL.—The amendments made by
5 this section shall take effect on March 1, 2005.

6 (2) AGENCY ACTIONS.—Effective on and after
7 the date of enactment of this Act, each agency shall
8 take such actions as necessary to prepare and sub-
9 mit any plan or report in accordance with the
10 amendments made by it.

11 **SEC. 119. BIENNIAL APPROPRIATION BILLS.**

12 (a) IN THE HOUSE OF REPRESENTATIVES.—(1)
13 Clause 2(a) of rule XXI of the Rules of the House of Rep-
14 resentatives is amended by adding at the end the following
15 new subparagraph:

16 “(3)(A) Except as provided by subdivision (B), an ap-
17 propriation may not be reported in a general appropriation
18 bill (other than a supplemental appropriation bill), and
19 may not be in order as an amendment thereto, unless it
20 provides new budget authority or establishes a level of ob-
21 ligations under contract authority for each fiscal year of
22 a biennium.

23 “(B) Subdivision (A) does not apply with respect to
24 an appropriation for a single fiscal year for any program,
25 project, or activity if the bill or amendment thereto con-

1 taining that appropriation includes a provision expressly
2 stating the following: ‘Congress finds that no additional
3 funding beyond one fiscal year will be required and the
4 [Insert name of applicable program, project, or activity]
5 will be completed or terminated after the amount provided
6 has been expended.’.

7 “(C) For purposes of paragraph (b), the statement
8 set forth in subdivision (B) with respect to an appropria-
9 tion for a single fiscal year for any program, project, or
10 activity may be included in a general appropriation bill
11 or amendment thereto.”.

12 (2) Clause 5(b)(1) of rule XXII of the House of Rep-
13 resentatives is amended by striking “or (c)” and inserting
14 “or (3) or 2(c)”.

15 (b) IN THE SENATE.—(1) Title III of the Congres-
16 sional Budget Act of 1974 (2 U.S.C. 631 et seq.) (as
17 amended by section 117) is further amended by adding
18 at the end the following:

19 “CONSIDERATION OF BIENNIAL APPROPRIATION BILLS
20 “SEC. 317. It shall not be in order in the Senate in
21 any odd-numbered year to consider any regular appropria-
22 tion bill providing new budget authority or a limitation
23 on obligations under the jurisdiction of the Committee on
24 Appropriations for only the first fiscal year of a biennium,
25 unless the program, project, or activity for which the new
26 budget authority or obligation limitation is provided will

1 require no additional authority beyond one year and will
2 be completed or terminated after the amount provided has
3 been expended.”.

4 (2) The table of contents set forth in section 1(b) of
5 the Congressional Budget and Impoundment Control Act
6 of 1974 is amended by adding after the item relating to
7 section 316 the following new item:

“Sec. 317. Consideration of biennial appropriation bills.”.

8 **SEC. 120. ASSISTANCE BY FEDERAL AGENCIES TO STAND-**
9 **ING COMMITTEES OF THE SENATE AND THE**
10 **HOUSE OF REPRESENTATIVES.**

11 (a) INFORMATION REGARDING AGENCY APPROPRIA-
12 TIONS REQUESTS.—To assist each standing committee of
13 the House of Representatives and the Senate in carrying
14 out its responsibilities, the head of each Federal agency
15 which administers the laws or parts of laws under the ju-
16 risdiction of such committee shall provide to such com-
17 mittee such studies, information, analyses, reports, and
18 assistance as may be requested by the chairman and rank-
19 ing minority member of the committee.

20 (b) INFORMATION REGARDING AGENCY PROGRAM
21 ADMINISTRATION.—To assist each standing committee of
22 the House of Representatives and the Senate in carrying
23 out its responsibilities, the head of any agency shall fur-
24 nish to such committee documentation, containing infor-
25 mation received, compiled, or maintained by the agency

1 as part of the operation or administration of a program,
2 or specifically compiled pursuant to a request in support
3 of a review of a program, as may be requested by the
4 chairman and ranking minority member of such com-
5 mittee.

6 (c) SUMMARIES BY COMPTROLLER GENERAL.—With-
7 in thirty days after the receipt of a request from a chair-
8 man and ranking minority member of a standing com-
9 mittee having jurisdiction over a program being reviewed
10 and studied by such committee under this section, the
11 Comptroller General of the United States shall furnish to
12 such committee summaries of any audits or reviews of
13 such program which the Comptroller General has com-
14 pleted during the preceding six years.

15 (d) CONGRESSIONAL ASSISTANCE.—Consistent with
16 their duties and functions under law, the Comptroller Gen-
17 eral of the United States, the Director of the Congres-
18 sional Budget Office, and the Director of the Congres-
19 sional Research Service shall continue to furnish (con-
20 sistent with established protocols) to each standing com-
21 mittee of the House of Representatives or the Senate such
22 information, studies, analyses, and reports as the chair-
23 man and ranking minority member may request to assist
24 the committee in conducting reviews and studies of pro-
25 grams under this section.

1 **SEC. 121. REPORT ON TWO-YEAR FISCAL PERIOD.**

2 Not later than 180 days after the date of enactment
3 of this Act, the Director of the Office of Management and
4 Budget shall—

5 (1) determine the impact and feasibility of
6 changing the definition of a fiscal year and the
7 budget process based on that definition to a 2-year
8 fiscal period with a biennial budget process based on
9 the 2-year period; and

10 (2) report the findings of the study to the Com-
11 mittees on the Budget of the House of Representa-
12 tives and the Senate and the Committee on Rules of
13 the House of Representatives.

14 **SEC. 122. SPECIAL TRANSITION PERIOD FOR THE 108TH**
15 **CONGRESS.**

16 (a) **PRESIDENT'S BUDGET SUBMISSION FOR FISCAL**
17 **YEAR 2004.**—The budget submission of the President
18 pursuant to section 1105(a) of title 31, United States
19 Code, for fiscal year 2004 shall include the following:

20 (1) An identification of the budget accounts for
21 which an appropriation should be made for each fis-
22 cal year of the fiscal year 2004–2005 biennium.

23 (2) Budget authority that should be provided
24 for each such fiscal year for the budget accounts
25 identified under paragraph (1).

1 (b) REVIEW AND RECOMMENDATIONS OF THE COM-
2 MITTEES ON APPROPRIATIONS.—The Committee on Ap-
3 propriations of the House of Representatives and the Sen-
4 ate shall review the items included pursuant to subsection
5 (a) in the budget submission of the President for fiscal
6 year 2004 and include its recommendations thereon in its
7 views and estimates made under section 301(d) of the
8 Congressional Budget Act of 1974 within 6 weeks of that
9 budget submission.

10 (c) ACTIONS BY THE COMMITTEES ON THE BUDG-
11 ET.—(1) The Committee on the Budget of the House of
12 Representatives and the Senate shall review the items in-
13 cluded pursuant to subsection (a) in the budget submis-
14 sion of the President for fiscal year 2004 and the rec-
15 ommendations submitted by the Committee on Appropria-
16 tions of its House pursuant to subsection (b) included in
17 its views and estimates made under section 301(d) of the
18 Congressional Budget Act of 1974.

19 (2) The report of the Committee on the Budget of
20 each House accompanying the concurrent resolution on
21 the budget for fiscal year 2004 and the joint explanatory
22 statement of managers accompanying such resolution shall
23 also include allocations to the Committee on Appropria-
24 tions of its House of total new budget authority and total
25 outlays (which shall be deemed to be made pursuant to

1 section 302(a) of the Congressional Budget Act of 1974
2 for purposes of budget enforcement under section 302(f))
3 for fiscal year 2005 from which the Committee on Appro-
4 priations may report regular appropriation bills for fiscal
5 year 2004 that include funding for certain accounts for
6 each of fiscal years 2004 and 2005.

7 (3) The report of the Committee on the Budget of
8 each House accompanying the concurrent resolution on
9 the budget for fiscal year 2004 and the joint explanatory
10 statement of managers accompanying such resolution shall
11 also include the assumptions upon which such allocations
12 referred to in paragraph (2) are based.

13 (d) GAO PROGRAMMATIC OVERSIGHT ASSIST-
14 ANCE.—(1) During the first session of the 108th Congress
15 the committees of the House of Representatives and the
16 Senate are directed to work with the Comptroller General
17 of the United States to develop plans to transition pro-
18 gram authorizations to a multi-year schedule.

19 (2) During the 108th Congress, the Comptroller Gen-
20 eral of the United States will continue to provide assist-
21 ance to the Congress with respect to programmatic over-
22 sight and in particular will assist the committees of Con-
23 gress in designing and conforming programmatic oversight
24 procedures for the fiscal year 2005–2006 biennium.

1 (e) CBO AUTHORIZATION REPORT.—On or before
2 January 15, 2004, the Director of the Congressional
3 Budget Office, after consultation with the appropriate
4 committees of the House of Representatives and Senate,
5 shall submit to the Congress a report listing (A) all pro-
6 grams and activities funded during fiscal year 2004 for
7 which authorizations for appropriations have not been en-
8 acted for that fiscal year and (B) all programs and activi-
9 ties funded during fiscal year 2004 for which authoriza-
10 tions for appropriations will expire during that fiscal year,
11 fiscal year 2005, or fiscal year 2006.

12 (f) PRESIDENT’S BUDGET SUBMISSION FOR FISCAL
13 YEAR 2005.—The budget submission of the President
14 pursuant to section 1105(a) of title 31, United States
15 Code, for fiscal year 2005 shall include an evaluation of,
16 and recommendations regarding, the transitional biennial
17 budget process for the fiscal year 2004–2005 biennium
18 that was carried out pursuant to this section.

19 (g) CBO TRANSITIONAL REPORT.—On or before
20 March 31, 2004, the Director of the Congressional Budget
21 Office shall submit to Congress an evaluation of, and rec-
22 ommendations regarding, the transitional biennial budget
23 process for the fiscal year 2004–2005 biennium that was
24 carried out pursuant to this section.

1 **SEC. 123. EFFECTIVE DATE.**

2 Except as provided by sections 121 and 122, this title
3 and the amendments made by it shall take effect on Janu-
4 ary 1, 2005, and shall apply to budget resolutions and
5 appropriations for the biennium beginning with fiscal year
6 2006.

7 **TITLE II—TRUTH IN SPENDING**
8 **Subtitle A—Emergency Spending**
9 **Legislation**

10 **SEC. 201. EMERGENCY SPENDING LEGISLATION AND THE**
11 **BASELINE.**

12 (a) **IN GENERAL.**—Section 257(a) of the Balanced
13 Budget and Emergency Deficit Control Act of 1985 is
14 amended by inserting “, except for emergency appropria-
15 tions covered by section 251(b)(2)(A) and emergency leg-
16 islation covered by section 252(e)” before the period.

17 (b) **DIRECT SPENDING AND RECEIPTS.**—Section
18 257(b)(2) of the Balanced Budget and Emergency Deficit
19 Control Act of 1985 is amended by adding at the end the
20 following new subparagraph:

21 “(E) Emergency legislation covered by section
22 252(e) shall not be extended in the baseline.”.

23 (c) **DISCRETIONARY APPROPRIATIONS.**—Section
24 257(c) of the Balanced Budget and Emergency Deficit
25 Control Act of 1985 is amended by adding at the end the
26 following new paragraph:

1 “(7) Emergency appropriations covered by sec-
2 tion 251(b)(2)(A) shall not be extended in the base-
3 line.”.

4 **SEC. 202. OMB EMERGENCY CRITERIA.**

5 (a) DEFINITION OF EMERGENCY.—Section 3 of the
6 Congressional Budget and Impoundment Control Act of
7 1974 (as amended by section 113(b)) is further amended
8 by adding at the end the following new paragraph:

9 “(12)(A) The term ‘emergency’ means a situa-
10 tion that—

11 “(i) requires new budget authority and
12 outlays (or new budget authority and the out-
13 lays flowing therefrom) for the prevention or
14 mitigation of, or response to, loss of life or
15 property, or a threat to national security; and

16 “(ii) is unanticipated.

17 “(B) As used in subparagraph (A), the term
18 ‘unanticipated’ means that the underlying situation
19 is—

20 “(i) sudden, which means quickly coming
21 into being or not building up over time;

22 “(ii) urgent, which means a pressing and
23 compelling need requiring immediate action;

24 “(iii) unforeseen, which means not pre-
25 dicted or anticipated as an emerging need; and

1 “(iv) temporary, which means not of a per-
2 manent duration.”.

3 (b) CONFORMING AMENDMENT.—Section 250(c) of
4 the Balanced Budget and Emergency Deficit Control Act
5 of 1985 is amended by adding at the end the following
6 new paragraph:

7 “(20) The term ‘emergency’ has the meaning
8 given to such term in section 3 of the Congressional
9 Budget and Impoundment Control Act of 1974.”.

10 **SEC. 203. POINT OF ORDER TO ENFORCE DEFINITION OF**
11 **EMERGENCY.**

12 (a) IN GENERAL.—Section 312 of the Congressional
13 Budget Act of 1974 is amended by adding at the end the
14 following new subsection:

15 “(g) It shall not be in order in the House of Rep-
16 resentatives or in the Senate to consider any bill or joint
17 resolution, or an amendment thereto or a conference re-
18 port thereon, which carries an emergency designation pur-
19 suant to section 251(b)(2)(A) or section 252(e) of the Bal-
20 anced Budget and Emergency Deficit Control Act of
21 1985.”.

22 (b) WAIVERS AND APPEALS IN THE SENATE.—Sec-
23 tions 904(c)(2) and 904(d)(3) are amended by striking “,
24 and 312(c)” and by inserting “312(c), and 312(g)”.

1 **Subtitle B—The Byrd Rule**

2 **SEC. 211. LIMITATION ON BYRD RULE.**

3 (a) PROTECTION OF CONFERENCE REPORTS.—Sec-
4 tion 313 of the Congressional Budget Act of 1974 is
5 amended—

6 (1) in subsection (b)(1), by striking subpara-
7 graph (E) through the semicolon at the end thereof
8 and by redesignating subparagraph (F) as subpara-
9 graph (E);

10 (2) in subsection (c), by striking “and again
11 upon the submission of a conference report on such
12 a reconciliation bill or resolution,”;

13 (3) by striking subsection (d);

14 (4) by redesignating subsection (e) as sub-
15 section (d); and

16 (5) in subsection (e), as redesignated—

17 (A) by striking “, motion, or conference re-
18 port” the first place it appears and inserting “,
19 or motion”; and

20 (B) by striking “, motion, or conference re-
21 port” the second and third places it appears
22 and inserting “or motion”.

23 (b) CONFORMING AMENDMENT.—The first sentence
24 of section 312(e) of the Congressional Budget Act of 1974

1 is amended by inserting “, except for section 313,” after
2 “Act”.

3 **Subtitle C—Spending** 4 **Accountability Reserve**

5 **SEC. 231. SHORT TITLE.**

6 This subtitle may be cited as the “Spending Account-
7 ability Reserve Act of 2002”.

8 **SEC. 232. SPENDING ACCOUNTABILITY RESERVE LEDGER.**

9 (a) ESTABLISHMENT OF LEDGER.—Title III of the
10 Congressional Budget Act of 1974 (as amended by section
11 119(a)) is further amended by adding at the end the fol-
12 lowing new section:

13 “SPENDING ACCOUNTABILITY RESERVE LEDGER

14 “SEC. 318. (a) ESTABLISHMENT OF LEDGER.—The
15 chairman of the Committee on the Budget of the House
16 of Representatives and the chairman of the Committee on
17 the Budget of the Senate shall each maintain a ledger to
18 be known as the ‘Spending Accountability Reserve Ledg-
19 er’. The Ledger shall be divided into entries corresponding
20 to the subcommittees of the Committees on Appropria-
21 tions. Each entry shall consist of three components: the
22 ‘House Reserve Balance’; the ‘Senate Reserve Balance’;
23 and the ‘Joint House-Senate Reserve Balance’.

24 “(b) COMPONENTS OF LEDGER.—Each component in
25 an entry shall consist only of amounts credited to it under

1 subsection (c). No entry of a negative amount shall be
2 made.

3 “(c) CREDIT OF AMOUNTS TO LEDGER.—(1) In the
4 House of Representatives or the Senate, whenever a Mem-
5 ber offers an amendment to an appropriation bill to reduce
6 new budget authority in any account, that Member may
7 state the portion of such reduction that shall be—

8 “(A) credited to the House or Senate Reserve
9 Balance, as applicable; or

10 “(B) allowed to remain within the applicable
11 section 302(b) suballocation.

12 If no such statement is made, the amount of reduction
13 in new budget authority resulting from the amendment
14 shall be credited to the House or Senate Reserve Balance,
15 as applicable, if the amendment is agreed to.

16 “(2)(A) Except as provided by subparagraph (B), the
17 chairmen of the Committees on the Budget shall, upon
18 the engrossment of any appropriation bill by the House
19 of Representatives and upon the engrossment of that bill
20 by the Senate, credit to the applicable entry balance of
21 that House amounts of new budget authority and outlays
22 equal to the net amounts of reductions in new budget au-
23 thority and in outlays resulting from amendments agreed
24 to by that House to that bill.

1 “(B) When computing the net amounts of reductions
2 in new budget authority and in outlays resulting from
3 amendments agreed to by the House of Representatives
4 or the Senate to an appropriation bill, the chairmen of
5 the Committees on the Budget shall only count those por-
6 tions of such amendments agreed to that were so des-
7 ignated by the Members offering such amendments as
8 amounts to be credited to the House or Senate Reserve
9 Balance, as applicable, or that fall within the last sentence
10 of paragraph (1).

11 “(3) The chairmen of the Committees on the Budget
12 shall, upon the engrossment of Senate amendments to any
13 appropriation bill, credit to the applicable Joint House-
14 Senate Reserve Balance the amounts of new budget au-
15 thority and outlays equal to—

16 “(A) an amount equal to one-half of the sum of
17 (i) the amount of new budget authority in the House
18 Reserve Balance plus (ii) the amount of new budget
19 authority in the Senate Reserve Balance for that
20 bill; and

21 “(B) an amount equal to one-half of the sum
22 of (i) the amount of outlays in the House Reserve
23 Balance plus (ii) the amount of outlays in the Sen-
24 ate Reserve Balance for that bill.

1 “(4) CALCULATION OF RESERVE SAVINGS IN SEN-
2 ATE.—For purposes of calculating under this section the
3 net amounts of reductions in new budget authority and
4 in outlays resulting from amendments agreed to by the
5 Senate on an appropriation bill, the amendments reported
6 to the Senate by its Committee on Appropriations shall
7 be considered to be part of the original text of the bill.

8 “(d) DEFINITION.—As used in this section, the term
9 ‘appropriation bill’ means any general or special appro-
10 priation bill, and any bill or joint resolution making sup-
11 plemental, deficiency, or continuing appropriations
12 through the end of a fiscal year.

13 “(e) TALLY DURING HOUSE CONSIDERATION.—The
14 chairman of the Committee on the Budget of the House
15 of Representatives shall maintain a running tally of the
16 amendments adopted reflecting increases and decreases
17 budget authority in the bill as reported. This tally shall
18 be available to Members in the House of Representatives
19 during consideration of any appropriations bill by the
20 House.”.

21 (b) CONFORMING AMENDMENT.—The table of con-
22 tents set forth in section 1(b) of the Congressional Budget
23 and Impoundment Control Act of 1974 is amended by in-
24 serting after the item relating to section 317 the following
25 new item:

“Sec. 318. Spending accountability reserve ledger.”.

1 **SEC. 233. DOWNWARD ADJUSTMENT OF SECTION 302(a) AL-**
2 **LOCATIONS AND SECTION 302(b) SUBALLOCA-**
3 **TIONS.**

4 (a) **ALLOCATIONS.**—Section 302(a) of the Congres-
5 sional Budget Act of 1974 is amended by adding at the
6 end the following new paragraph:

7 “(6) **ADJUSTMENT OF ALLOCATIONS.**—Upon
8 the engrossment of Senate amendments to any ap-
9 propriation bill (as defined in section 318(d)) for a
10 fiscal year, the amounts allocated under paragraph
11 (1) or (2) to the Committee on Appropriations of
12 each House upon the adoption of the most recent
13 joint resolution on the budget for that fiscal year
14 shall be adjusted downward by the amounts credited
15 to the applicable Joint House-Senate Reserve Bal-
16 ance under section 318(c)(2). The revised levels of
17 new budget authority and outlays shall be submitted
18 to each House by the chairman of the Committee on
19 the Budget of that House and shall be printed in the
20 Congressional Record.”.

21 (b) **SUBALLOCATIONS.**—Section 302(b) of the Con-
22 gressional Budget Act of 1974 is amended by adding at
23 the end the following new sentence: “Whenever an adjust-
24 ment is made under subsection (a)(6) to an allocation
25 under that subsection, the Committee on Appropriations
26 of each House shall make downward adjustments in the

1 most recent suballocations of new budget authority and
2 outlays under this subparagraph to the appropriate sub-
3 committees of that committee in the total amounts of
4 those adjustments under section 318(c)(2). The revised
5 suballocations shall be submitted to each House by the
6 chairman of the Committee on Appropriations of that
7 House and shall be printed in the Congressional Record.”.

8 **SEC. 234. PERIODIC REPORTING OF LEDGER STATEMENTS.**

9 Section 308(b)(1) of the Congressional Budget Act
10 of 1974 is amended by adding at the end the following
11 new sentence: “Such reports shall also include an up-to-
12 date tabulation of the amounts contained in the ledger and
13 each entry established by section 318(a).”.

14 **SEC. 235. DOWNWARD ADJUSTMENT OF DISCRETIONARY**
15 **SPENDING LIMITS.**

16 The discretionary spending limits for new budget au-
17 thority and outlays for any fiscal year set forth in section
18 251(e) of the Balanced Budget and Emergency Deficit
19 Control Act of 1985, shall be reduced by the amounts set
20 forth in the final regular appropriation bill for that fiscal
21 year or joint resolution making continuing appropriations
22 through the end of that fiscal year. Those amounts shall
23 be the sums of the Joint House-Senate Reserve Balances
24 for that fiscal year, as calculated under section 302(a)(6)
25 of the Congressional Budget Act of 1974. That bill or joint

1 resolution shall contain the following statement of law:
2 “As required by section 302(a)(6) of the Congressional
3 Budget Act of 1974, for fiscal year [insert appropriate fis-
4 cal year] and each outyear, the adjusted discretionary
5 spending limit for new budget authority shall be reduced
6 by \$ [insert appropriate amount of reduction] and the ad-
7 justed discretionary limit for outlays shall be reduced by
8 \$ [insert appropriate amount of reduction] for the fiscal
9 year and each outyear.”. Notwithstanding section 904(c)
10 of the Congressional Budget Act of 1974, section 306 as
11 it applies to this statement shall not apply. This adjust-
12 ment shall be reflected in reports under sections 254(e)
13 and 254(f) of the Balanced Budget and Emergency Deficit
14 Control Act of 1985.

15 **SEC. 236. REDUCTION IN REVENUES.**

16 The level of total revenues set forth in the concurrent
17 resolution on the budget shall be reduced by the amounts
18 set forth in the final regular appropriation bill for that
19 fiscal year or joint resolution making continuing appro-
20 priations through the end of that fiscal year shall be re-
21 duced by the amount by which the discretionary spending
22 limit for outlays is reduced for that fiscal year pursuant
23 to section 235. At the same time, such amount shall be
24 credited to the pay-as-you-go scorecard pursuant to sec-
25 tion 252(d) of the Balanced Budget and Emergency Def-

1 icit Control Act of 1985 for purposes receipts legislation
2 only. This adjustment shall be reflected in reports under
3 sections 254(e) and 254(f) of such Act. To the extent that
4 the amount so credited is not used for purposes of receipts
5 legislation enacted during such fiscal year, it shall be re-
6 moved from such scorecard.

7 **Subtitle D—Enhanced Rescissions**
8 **of Budget Authority Identified**
9 **by the President as Wasteful**
10 **Spending**

11 **SEC. 251. SHORT TITLE.**

12 This title may be cited as the “Enhanced Rescissions
13 Act of 2002”.

14 **SEC. 252. ENHANCED CONSIDERATION OF CERTAIN PRO-**
15 **POSED RESCISSIONS.**

16 (a) IN GENERAL.—Part B of title X of the Congres-
17 sional Budget and Impoundment Control Act of 1974 (2
18 U.S.C. 681 et seq.) is amended by redesignating sections
19 1013 through 1017 as sections 1014 through 1018, re-
20 spectively, and by inserting after section 1012 the fol-
21 lowing new section:

22 “ENHANCED CONSIDERATION OF CERTAIN PROPOSED
23 RESCISSIONS

24 “SEC. 1013. (a) PROPOSED RESCISSION OF BUDGET
25 AUTHORITY IDENTIFIED AS WASTEFUL SPENDING.—The
26 President may propose, at the time and in the manner

1 provided in subsection (b), the rescission of any budget
2 authority provided in an appropriation Act that he identi-
3 fies as wasteful spending. If the President proposes a re-
4 scission of budget authority, he may also propose to reduce
5 the appropriate discretionary spending limits for new
6 budget authority and outlays flowing therefrom set forth
7 in section 251(c) of the Balanced Budget and Emergency
8 Deficit Control Act of 1985 by an amount that does not
9 exceed the amount of the proposed rescission. Funds made
10 available for obligation under this procedure may not be
11 proposed for rescission again under this section.

12 “(b) TRANSMITTAL OF SPECIAL MESSAGE.—

13 “(1) The President may transmit to Congress a
14 special message proposing to rescind amounts of
15 budget authority and include with that special mes-
16 sage a draft bill that, if enacted, would only rescind
17 that budget authority unless the President also pro-
18 poses a reduction in the appropriate discretionary
19 spending limits set forth in section 251(c) of the
20 Balanced Budget and Emergency Deficit Control
21 Act of 1985. That bill shall clearly identify the
22 amount of budget authority that is proposed to be
23 rescinded for each program, project, or activity to
24 which that budget authority relates.

1 “(2) In the case of an appropriation Act that
2 includes accounts within the jurisdiction of more
3 than one subcommittee of the Committee on Appro-
4 priations, the President in proposing to rescind
5 budget authority under this section shall send a sep-
6 arate special message and accompanying draft bill
7 for accounts within the jurisdiction of each sub-
8 committee.

9 “(3) Each special message shall specify, with
10 respect to the budget authority proposed to be re-
11 scinded, the following:

12 “(A) The amount of budget authority
13 which he proposes to be rescinded.

14 “(B) Any account, department, or estab-
15 lishment of the Government to which such
16 budget authority is available for obligation, and
17 the specific project or governmental functions
18 involved.

19 “(C) The reasons why the budget authority
20 should be rescinded, including why he considers
21 it to be wasteful spending.

22 “(D) To the maximum extent practicable,
23 the estimated fiscal, economic, and budgetary
24 effect (including the effect on outlays and re-

1 receipts in each fiscal year) of the proposed re-
2 scission.

3 “(E) All facts, circumstances, and consid-
4 erations relating to or bearing upon the pro-
5 posed rescission and the decision to effect the
6 proposed rescission, and to the maximum extent
7 practicable, the estimated effect of the proposed
8 rescission upon the objects, purposes, and pro-
9 grams for which the budget authority is pro-
10 vided.

11 “(F) A reduction in the appropriate discre-
12 tionary spending limits set forth in section
13 251(c) of the Balanced Budget and Emergency
14 Deficit Control Act of 1985, if proposed by the
15 President.

16 “(c) PROCEDURES FOR EXPEDITED CONSIDER-
17 ATION.—

18 “(1)(A) Before the close of the second legisla-
19 tive day of the House of Representatives after the
20 date of receipt of a special message transmitted to
21 Congress under subsection (b), the majority leader
22 or minority leader of the House of Representatives
23 shall introduce (by request) the draft bill accom-
24 panying that special message. If the bill is not intro-
25 duced as provided in the preceding sentence, then,

1 on the third legislative day of the House of Rep-
2 resentatives after the date of receipt of that special
3 message, any Member of that House may introduce
4 the bill.

5 “(B) The bill shall be referred to the Com-
6 mittee on Appropriations. The committee shall re-
7 port the bill without substantive revision and with or
8 without recommendation. The bill shall be reported
9 not later than the seventh legislative day of that
10 House after the date of receipt of that special mes-
11 sage. If that committee fails to report the bill within
12 that period, that committee shall be automatically
13 discharged from consideration of the bill, and the
14 bill shall be placed on the appropriate calendar.

15 “(C) A vote on final passage of the bill shall be
16 taken in the House of Representatives on or before
17 the close of the 10th legislative day of that House
18 after the date of the introduction of the bill in that
19 House. If the bill is passed, the Clerk of the House
20 of Representatives shall cause the bill to be en-
21 grossed, certified, and transmitted to the Senate
22 within one calendar day of the day on which the bill
23 is passed.

24 “(2)(A) A motion in the House of Representa-
25 tives to proceed to the consideration of a bill under

1 this section shall be highly privileged and not debat-
2 able. An amendment to the motion shall not be in
3 order, nor shall it be in order to move to reconsider
4 the vote by which the motion is agreed to or dis-
5 agreed to.

6 “(B) Debate in the House of Representatives
7 on a bill under this section shall not exceed 4 hours,
8 which shall be divided equally between those favoring
9 and those opposing the bill. A motion further to
10 limit debate shall not be debatable. It shall not be
11 in order to move to recommit a bill under this sec-
12 tion or to move to reconsider the vote by which the
13 bill is agreed to or disagreed to.

14 “(C) Appeals from decisions of the Chair relat-
15 ing to the application of the Rules of the House of
16 Representatives to the procedure relating to a bill
17 under this section shall be decided without debate.

18 “(D) Except to the extent specifically provided
19 in the preceding provisions of this subsection, con-
20 sideration of a bill under this section shall be gov-
21 erned by the Rules of the House of Representatives.
22 It shall not be in order in the House of Representa-
23 tives to consider any rescission bill introduced pursu-
24 ant to the provisions of this section under a suspen-
25 sion of the rules or under a special rule.

1 “(3) A bill transmitted to the Senate pursuant
2 to paragraph (1)(D) shall be referred to its Com-
3 mittee on Appropriations. That committee shall re-
4 port the bill without substantive revision and with or
5 without recommendation. The bill shall be reported
6 not later than the seventh legislative day of the Sen-
7 ate after it receives the bill. A committee failing to
8 report the bill within such period shall be automati-
9 cally discharged from consideration of the bill, and
10 the bill shall be placed upon the appropriate cal-
11 endar.

12 “(4)(A) A motion in the Senate to proceed to
13 the consideration of a bill under this section shall be
14 privileged and not debatable. An amendment to the
15 motion shall not be in order, nor shall it be in order
16 to move to reconsider the vote by which the motion
17 is agreed to or disagreed to.

18 “(B) Debate in the Senate on a bill under this
19 section, and all debatable motions and appeals in
20 connection therewith (including debate pursuant to
21 subparagraph (C)), shall not exceed 10 hours. The
22 time shall be equally divided between, and controlled
23 by, the majority leader and the minority leader or
24 their designees.

1 “(C) Debate in the Senate or any debatable mo-
2 tion or appeal in connection with a bill under this
3 section shall be limited to not more than 1 hour, to
4 be equally divided between, and controlled by, the
5 mover and the manager of the bill, except that in
6 the event the manager of the bill is in favor of any
7 such motion or appeal, the time in opposition there-
8 to, shall be controlled by the minority leader or his
9 designee. Such leaders, or either of them, may, from
10 time under their control of the passage of a bill,
11 allot additional time to any Senator during the con-
12 sideration of any debatable motion or appeal.

13 “(D) A motion in the Senate to further limit
14 debate on a bill under this section is not debatable.
15 A motion to recommit a bill under this section is not
16 in order.

17 “(d) AMENDMENT AND DIVISIONS PROHIBITED.—No
18 amendment to a bill considered under this section shall
19 be in order in either the House of Representatives or the
20 Senate. It shall not be in order to demand a division of
21 the question in the House of Representatives (or in a Com-
22 mittee of the Whole) or in the Senate. No motion to sus-
23 pend the application of this subsection shall be in order
24 in either House, nor shall it be in order in either House

1 to suspend the application of this subsection by unanimous
2 consent.

3 “(e) REQUIREMENT TO MAKE AVAILABLE FOR OBLI-
4 GATION.—Any amount of budget authority proposed to be
5 rescinded in a special message transmitted to Congress
6 under subsection (b) shall be made available for obligation
7 on the day after the date on which either House rejects
8 the bill transmitted with that special message.

9 “(f) DEFINITIONS.—For purposes of this section:

10 “(1) The term ‘appropriation Act’ means any
11 general or special appropriation Act, and any Act or
12 joint resolution making supplemental, deficiency, or
13 continuing appropriations.

14 “(2) The term ‘legislative day’ means, with re-
15 spect to either House of Congress, any day of ses-
16 sion.

17 “(3) The term ‘rescind’ means, with respect to
18 an appropriation Act, to reduce the amount of budg-
19 et authority appropriated in that Act, and reducing
20 budget authority shall include reducing obligation
21 limitations set forth in that Act.”.

22 (b) EXERCISE OF RULEMAKING POWERS.—Section
23 904 of the Congressional Budget Act of 1974 (2 U.S.C.
24 621 note) is amended—

1 (1) in subsection (a), by striking “and 1017”
2 and inserting “1012, and 1017”; and

3 (2) in subsection (d), by striking “section
4 1017” and inserting “sections 1012 and 1017”.

5 (c) CONFORMING AMENDMENTS.—

6 (1) Section 1011 of the Congressional Budget
7 Act of 1974 (2 U.S.C. 682(5)) is amended by re-
8 pealing paragraphs (3) and (5) and by redesignating
9 paragraph (4) as paragraph (3).

10 (2) Section 1014 of such Act (2 U.S.C. 685) is
11 amended—

12 (A) in subsection (b)(1), by striking “or
13 the reservation”; and

14 (B) in subsection (e)(1), by striking “or a
15 reservation” and by striking “or each such res-
16 ervation”.

17 (3) Section 1015(a) of such Act (2 U.S.C. 686)
18 is amended by striking “is to establish a reserve or”,
19 by striking “the establishment of such a reserve or”,
20 and by striking “reserve or” each other place it ap-
21 pears.

22 (4) Section 1017 of such Act (2 U.S.C. 687) is
23 amended—

1 (A) in subsection (a), by striking “rescis-
2 sion bill introduced with respect to a special
3 message or”;

4 (B) in subsection (b)(1), by striking “re-
5 scission bill or”, by striking “bill or” the second
6 place it appears, by striking “rescission bill with
7 respect to the same special message or”, and by
8 striking “, and the case may be,”;

9 (C) in subsection (b)(2), by striking “bill
10 or” each place it appears;

11 (D) in subsection (c), by striking “rescis-
12 sion” each place it appears and by striking “bill
13 or” each place it appears;

14 (E) in subsection (d)(1), by striking “re-
15 scission bill or” and by striking “, and all
16 amendments thereto (in the case of a rescission
17 bill)”;

18 (F) in subsection (d)(2)—

19 (i) by striking the first sentence;

20 (ii) by amending the second sentence
21 to read as follows: “Debate on any debat-
22 able motion or appeal in connection with
23 an impoundment resolution shall be limited
24 to 1 hour, to be equally divided between,
25 and controlled by, the mover and the man-

1 ager of the resolution, except that in the
2 event that the manager of the resolution is
3 in favor of any such motion or appeal, the
4 time in opposition thereto shall be con-
5 trolled by the minority leader or his des-
6 ignee.”;

7 (iii) by striking the third sentence;
8 and

9 (iv) in the fourth sentence, by striking
10 “rescission bill or” and by striking
11 “amendment, debatable motion,” and by
12 inserting ‘debatable motion’;

13 (G) in paragraph (d)(3), by striking the
14 second and third sentences; and

15 (H) by striking paragraphs (4), (5), (6),
16 and (7) of paragraph (d).

17 (d) CLERICAL AMENDMENTS.—The table of sections
18 for subpart B of title X of the Congressional Budget and
19 Impoundment Control Act of 1974 is amended by redesi-
20 gnating the item relating to sections 1014 through 1018
21 as items 1015 through 1019, respectively, and by inserting
22 after the item relating to section 1012 the following new
23 item:

“Sec. 1013. Enhanced consideration of certain proposed rescissions.”.

1 **Subtitle E—Extension of Discre-**
2 **tionary Spending Limits and**
3 **Paygo**

4 **SEC. 261. AMENDMENTS TO SECTIONS 251, 252, AND 275 OF**
5 **THE BALANCED BUDGET AND EMERGENCY**
6 **DEFICIT CONTROL ACT OF 1985.**

7 (a) **ADJUSTMENTS TO DISCRETIONARY SPENDING**
8 **LIMITS.**—In the matter that precedes subparagraph (A)
9 of section 251(b)(2) of the Balanced Budget and Emer-
10 gency Deficit Control Act of 1985, strike “through 2002”.

11 (b) **DISCRETIONARY SPENDING LIMIT.**—Section
12 251(c) of the Balanced Budget and Emergency Deficit
13 Control Act of 1985 is amended as follows:

14 (1) Strike paragraphs (1) through (5) and re-
15 designate paragraph (6) (which relates to fiscal year
16 2002) as paragraph (1).

17 (2) Redesignate paragraph (7) (which relates to
18 fiscal year 2003) as paragraph (2) and in such re-
19 designated paragraph strike subparagraph (A), re-
20 designate subparagraphs (B) and (C) as subpara-
21 graphs (C) and (D), respectively, and before sub-
22 paragraph (C), insert the following new subpara-
23 graphs:

1 “(A) for the discretionary category:
2 \$754,900,000,000 in new budget authority and
3 \$704,230,000,000 in outlays;”

4 “(B) for the highway category:
5 \$27,728,000,000 in outlays;”.

6 (3) Redesignate paragraph (8) as paragraph (3)
7 and in such redesignated paragraph strike “with re-
8 spect to fiscal year 2004”, redesignate the remaining
9 matter as subparagraph (B), and before such redesi-
10 gnated matter insert the following:

11 “(3) with respect to fiscal year 2004—

12 “(A) for the discretionary category:
13 \$775,020,000,000 in new budget authority and
14 \$706,970,000,000 in outlays; and”.

15 (4) Redesignate paragraph (9) as paragraph (4)
16 and in such redesignated paragraph strike “with re-
17 spect to fiscal year 2005”, redesignate the remaining
18 matter as subparagraph (B), and before such redesi-
19 gnated matter insert the following:

20 “(3) with respect to fiscal year 2005—

21 “(A) for the discretionary category:
22 \$801,560,000,000 in new budget authority and
23 \$779,810,000,000 in outlays; and”.

24 (5) Redesignate paragraph (10) as paragraph
25 (5) and in such redesignated paragraph strike “with

1 respect to fiscal year 2006”, redesignate the remain-
2 ing matter as subparagraph (B), and before such re-
3 designated matter insert the following:

4 “(5) with respect to fiscal year 2006—

5 “(A) for the discretionary category:
6 \$828,600,000,000 in new budget authority and
7 \$793,650,000,000 in outlays; and”.

8 (6) Redesignate paragraphs (11) through (16)
9 as paragraphs (7) through (12) and after paragraph
10 (5) insert the following new paragraph:

11 “(6) with respect to fiscal year 2007 for the
12 discretionary category: \$862,500,000,000 in new
13 budget authority and \$812,000,000,000 in outlays;”.

14 (c) EXTENSION OF PAY-AS-YOU-GO REQUIRE-
15 MENT.—(1) Section 252(a) of the Balanced Budget and
16 Emergency Deficit Control Act of 1985 is amended by
17 striking “2002” and inserting “2007”.

18 (2) Section 252(b)(1) of such Act is amended by
19 striking “2002” and inserting “2007”.

20 (d) EXPIRATION.—Section 275(b) of the Balanced
21 Budget and Emergency Deficit Control Act of 1985 is
22 amended by striking “2002” and inserting “2007” and
23 by striking “2006” and inserting “2011”.

1 **Subtitle F—Paygo Requirements**
2 **and the On-Budget Surplus**

3 **SEC. 271. PAYGO REQUIREMENTS AND THE ON-BUDGET**
4 **SURPLUS.**

5 (a) SEQUESTRATION.—(1) Section 252(b)(1) of the
6 Balanced Budget and Emergency Deficit Control Act of
7 1985 is amended by inserting “, minus the amount for
8 the budget year, if any, estimated under paragraph (3)”
9 after “as calculated under paragraph (2)”.

10 (2) Section 252(b) of such Act is amended by adding
11 at the end the following new paragraph:

12 “(3) ESTIMATE OF ON-BUDGET SURPLUS IN
13 EXCESS OF SOCIAL SECURITY SURPLUS.—OMB esti-
14 mates for the budget year of the amount (if any) of
15 the budget surplus as set forth in the OMB seques-
16 tration preview report as calculated pursuant to sec-
17 tion 254(c)(3).”.

18 (b) REPORTS.—Section 254(c)(3) of the Balanced
19 Budget and Emergency Deficit Control Act of 1985 is
20 amended by adding at the end the following new subpara-
21 graph:

22 “(D) The estimated excess of receipts over
23 outlays for the budget year (if any).”.

1 **Subtitle G—Treatment of Extra-**
2 **neous Appropriations in Omni-**
3 **bus Appropriation Measures**

4 **SEC. 281. TREATMENT OF EXTRANEOUS APPROPRIATIONS.**

5 (a) IN GENERAL.—Title III of the Congressional
6 Budget Act of 1974 (as amended by section 232)) is fur-
7 ther amended by adding at the end the following new sec-
8 tion:

9 “TREATMENT OF EXTRANEOUS APPROPRIATIONS IN
10 OMNIBUS APPROPRIATION MEASURES

11 “SEC. 319. (a) POINT OF ORDER.—It shall not be
12 in order in the House of Representatives or the Senate
13 to consider an omnibus appropriation measure, or any
14 amendment thereto or conference report thereon, that ap-
15 propriates funds for any program, project, or activity that
16 is not within the subject matter jurisdiction of any sub-
17 committee of the Committee on Appropriations of the
18 House of Representatives or Senate, as applicable, with
19 jurisdiction over any regular appropriation bill contained
20 in such measure.

21 “(b) DEFINITIONS.—As used in this section:

22 “(1) The term ‘omnibus appropriation measure’
23 means any bill or joint resolution making continuing
24 appropriations for a fiscal year and that is com-
25 prised of more than one regular appropriation bill.

1 “(2) The term ‘regular appropriation bill’
2 means any annual appropriation bill making appro-
3 priations, otherwise making funds available, or
4 granting authority, for any of the following cat-
5 egories of projects and activities:

6 “(A) Agriculture, rural development, and
7 related agencies programs.

8 “(B) The Departments of Commerce, Jus-
9 tice, and State, the judiciary, and related agen-
10 cies.

11 “(C) The Department of Defense.

12 “(D) The government of the District of
13 Columbia and other activities chargeable in
14 whole or in part against the revenues of the
15 District.

16 “(E) The Departments of Labor, Health
17 and Human Services, and Education, and re-
18 lated agencies.

19 “(F) The Department of Housing and
20 Urban Development, and sundry independent
21 agencies, boards, commissions, corporations,
22 and offices.

23 “(G) Energy and water development.

24 “(H) Foreign assistance and related pro-
25 grams.

1 “(I) The Department of the Interior and
2 related agencies.

3 “(J) Military construction.

4 “(K) The Department of Transportation
5 and related agencies.

6 “(L) The Treasury Department, the U.S.
7 Postal Service, the Executive Office of the
8 President, and certain independent agencies.

9 “(M) The legislative branch.”.

10 (b) CONFORMING AMENDMENT.—The table of con-
11 tents set forth in section 1(b) of the Congressional Budget
12 and Impoundment Control Act of 1974 is amended by in-
13 serting after the item relating to section 318 the following
14 new item:

“Sec. 319. Treatment of extraneous appropriations in omnibus appropriation
measures.”.

1 **TITLE III—BUDGETING AND**
2 **MANAGING FOR RESULTS:**
3 **FULL FUNDING FOR FEDERAL**
4 **RETIREE COSTS**

5 **Subtitle A—Accrual Funding of**
6 **Pensions and Retirement Pay**
7 **for Federal Employees and Uni-**
8 **formed Services Personnel**

9 **SEC. 301. CIVIL SERVICE RETIREMENT SYSTEM.**

10 (a) CIVIL SERVICE RETIREMENT AND DISABILITY
11 FUND.—Chapter 83 of title 5, United States Code, is
12 amended—

13 (1) in section 8331—

14 (A) in paragraph (17)—

15 (i) by striking “normal cost” and in-
16 serting “normal cost percentage”; and

17 (ii) by inserting “and standards
18 (using dynamic assumptions)” after “prac-
19 tice”;

20 (B) by amending paragraph (18) to read
21 as follows:

22 “(18) ‘Fund balance’ means the current net as-
23 sets of the Fund available for payment of benefits,
24 as determined by the Office in accordance with ap-

1 appropriate accounting standards, but does not include
2 any amount attributable to—

3 “(A) the Federal Employees’ Retirement
4 System; or

5 “(B) contributions made under the Federal
6 Employees’ Retirement Contribution Temporary
7 Adjustment Act of 1983 by or on behalf of any
8 individual who became subject to the Federal
9 Employees’ Retirement System;”

10 (C) by amending paragraph (19) to read
11 as follows:

12 “(19) ‘accrued liability’ means the estimated ex-
13 cess of the present value of all benefits payable from
14 the Fund to employees and Members, and former
15 employees and Members, subject to this subchapter,
16 and their survivors, over the present value of deduc-
17 tions to be withheld from the future basic pay of em-
18 ployees and Members currently subject to this sub-
19 chapter and of future agency contributions to be
20 made in their behalf;”

21 (D) in paragraph (27) by striking “and”
22 at the end;

23 (E) in paragraph (28) by striking the pe-
24 riod at the end and inserting a semicolon; and

1 (F) by adding at the end the following
2 paragraphs:

3 “(29) ‘dynamic assumptions’ means economic
4 assumptions that are used in determining actuarial
5 costs and liabilities of a retirement system and in
6 anticipating the effects of long-term future—

7 “(A) investment yields;

8 “(B) increases in rates of basic pay; and

9 “(C) rates of price inflation; and

10 “(30) ‘unfunded liability’ means the estimated
11 excess of—

12 “(A) the actuarial present value of all fu-
13 ture benefits payable from the Fund under this
14 subchapter based on the service of current or
15 former employees or Members, over

16 “(B) the sum of—

17 “(i) the actuarial present value of de-
18 ductions to be withheld from the future
19 basic pay of employees and Members cur-
20 rently subject to this chapter pursuant to
21 section 8334;

22 “(ii) the actuarial present value of the
23 future contributions to be made pursuant
24 to section 8334 with respect to employees

1 and Members currently subject to this sub-
2 chapter;

3 “(iii) the Fund balance, as defined in
4 paragraph (18), as of the date the un-
5 funded liability is determined; and

6 “(iv) any other appropriate amount,
7 as determined by the Office of Personnel
8 Management in accordance with generally
9 accepted actuarial practices and prin-
10 ciples.”;

11 (2) in section 8334—

12 (A) in subsection (a)(1)—

13 (i) by striking the last two sentences;

14 (ii) by redesignating that subsection,
15 as so amended, as (a)(1)(A); and

16 (iii) by adding at the end the fol-
17 lowing new subparagraphs:

18 “(B) Except as provided in subparagraph
19 (E), each employing agency having any employ-
20 ees or Members subject to subparagraph (A)
21 shall contribute from amounts available for sal-
22 aries and expenses an amount equal to the sum
23 of—

24 “(i) the product of—

1 “(I) the normal cost percentage,
2 as determined for employees (other
3 than employees covered by clause (ii)),
4 multiplied by

5 “(II) the aggregate amount of
6 basic pay payable by the agency, for
7 the period involved, to employees
8 (under subclause (I)) who are within
9 such agency; and

10 “(ii) the product of—

11 “(I) the normal cost percentage,
12 as determined for Members, Congres-
13 sional employees, law enforcement of-
14 ficers, firefighters, air traffic control-
15 lers, bankruptcy judges, Court of Fed-
16 eral Claims judges, United States
17 magistrates, judges of the United
18 States Court of Appeals for the
19 Armed Forces, members of the Cap-
20 itol Police, nuclear materials couriers,
21 and members of the Supreme Court
22 Police, multiplied by

23 “(II) the aggregate amount of
24 basic pay payable by the agency for
25 the period involved, to employees and

1 Members (under subclause (I)) who
2 are within such agency.

3 “(C) In determining the normal cost per-
4 centage to be applied under subparagraph (B),
5 amounts provided for under subparagraph (A)
6 shall be taken into account.

7 “(D) Contributions under this paragraph
8 shall be paid—

9 “(i) in the case of law enforcement of-
10 ficers, firefighters, air traffic controllers,
11 bankruptcy judges, Court of Federal
12 Claims judges, United States magistrates,
13 judges of the United States Court of Ap-
14 peals for the Armed Forces, members of
15 the Supreme Court Police, nuclear mate-
16 rials couriers and other employees, from
17 the appropriations or fund used to pay
18 such law enforcement officers, firefighters,
19 air traffic controllers, bankruptcy judges,
20 Court of Federal Claims judges, United
21 States magistrates, judges of the United
22 States Court of Appeals for the Armed
23 Forces, members of the Supreme Court
24 Police, nuclear materials couriers and
25 other employees, respectively;

1 “(ii) in the case of elected officials,
2 from an appropriation or fund available for
3 payment of other salaries of the same of-
4 fice or establishment; and

5 “(iii) in the case of employees of the
6 legislative branch paid by the Clerk of the
7 House of Representatives, from the contin-
8 gent fund of the House.

9 “(E) In the case of the United States
10 Postal Service, the Metropolitan Washington
11 Airports Authority, and the government of the
12 District of Columbia an amount equal to that
13 withheld under subparagraph (A) shall be con-
14 tributed from the appropriation or fund used to
15 pay the employee.”; and

16 (B) in subsection (k)—

17 (i) in paragraph (1)—

18 (I) in subparagraph (A) by strik-
19 ing “the first sentence of subsection
20 (a)(1) of this section” and inserting
21 “subsection (a)(1)(A)”; and

22 (II) by amending subparagraph
23 (B) to read as follows:

24 “(B) the amount of the contribution under
25 subsection (a)(1)(B) shall be the amount which

1 would have been contributed under such sub-
2 section if this subsection had not been en-
3 acted.”; and

4 (ii) in paragraph (2)(C)(iii) by strik-
5 ing “the first sentence of subsection
6 (a)(1)” and inserting “subsection
7 (a)(1)(A)”; and

8 (3) in section 8348—

9 (A) by repealing subsection (f);

10 (B) by amending subsection (g) to read as
11 follows:

12 “(g)(1)(A) Not later than June 30, 2003, the Office
13 of the Actuary shall determine the unfunded liability of
14 the Fund, as of September 30, 2002, attributable to bene-
15 fits payable under this chapter and make recommenda-
16 tions regarding its liquidation. After considering such rec-
17 ommendations, the Office shall establish an amortization
18 schedule, including a series of annual installments com-
19 mencing October 1, 2003, which provides for the liquida-
20 tion of such liability by October 1, 2042.

21 “(B) The Office shall redetermine the unfunded li-
22 ability of the Fund as of the close of the fiscal year, for
23 each fiscal year beginning after September 30, 2002,
24 through the fiscal year ending September 30, 2037, and
25 shall establish a new amortization schedule, including a

1 series of annual installments commencing on October 1
2 of the second subsequent fiscal year, which provides for
3 the liquidation of such liability by October 1, 2042.

4 “(C) The Office shall redetermine the unfunded li-
5 ability of the Fund as of the close of the fiscal year for
6 each fiscal year beginning after September 30, 2037, and
7 shall establish a new amortization schedule, including a
8 series of annual installments commencing on October 1
9 of the second subsequent fiscal year, which provides for
10 the liquidation of such liability over five years.

11 “(D) Amortization schedules established under this
12 paragraph shall be set in accordance with generally accept-
13 ed actuarial practices and principles, with interest com-
14 puted at the rate used in the most recent valuation of the
15 Civil Service Retirement System.

16 “(2) At the beginning of each fiscal year, beginning
17 on October 1, 2003, the Office shall notify the Secretary
18 of the Treasury of the amount of the first installment
19 under the most recent amortization schedule established
20 under paragraph (1). The Secretary shall credit that
21 amount to the Fund, as a Government contribution, out
22 of any money in the Treasury of the United States not
23 otherwise appropriated.

24 “(3) For the purpose of carrying out paragraph (1)
25 with respect to any fiscal year, the Office may—

1 “(A) require the Board of Actuaries of the Civil
2 Service Retirement System to make actuarial deter-
3 minations and valuations, make recommendations,
4 and maintain records in accordance with section
5 8347(f); and

6 “(B) use the latest actuarial determinations
7 and valuations made by such Board of Actuaries.”;

8 (C) in subsections (h), (i), and (m) by
9 striking “unfunded” and inserting “accrued”
10 each time it appears; and

11 (D) by adding at the end the following new
12 subsection:

13 “(n) Under regulations prescribed by the Office, the
14 head of an agency may request reconsideration of any
15 amount determined to be payable with respect to such
16 agency under section 8334(a)(1)(B)–(D). Any such re-
17 quest shall be referred to the Board of Actuaries of the
18 Civil Service Retirement System. The Board of Actuaries
19 shall review the computations of the Office and may make
20 any adjustment with respect to any such amount which
21 the Board determines appropriate. A determination by the
22 Board of Actuaries under this subsection shall be final.”.

23 (b) GOVERNMENT CONTRIBUTIONS.—Section 8423
24 of title 5, United States Code, is amended—

1 (1) in subsection (a)(2) by striking “section
2 8422” and inserting “section 8422(a)”; and

3 (2) in subsection (b)(2) by striking “equal an-
4 nual installments” and inserting “annual install-
5 ments set in accordance with generally accepted ac-
6 tuarial practices and principles”.

7 **SEC. 302. CENTRAL INTELLIGENCE AGENCY RETIREMENT**
8 **AND DISABILITY SYSTEM.**

9 The Central Intelligence Agency Retirement Act,
10 Public Law 88–643, (50 U.S.C. 2001 et seq.), 78 Stat.
11 1043, as amended, is further amended—

12 (a) in section 101 (50 U.S.C. 2001)—

13 (1) by amending paragraph (5) to read as
14 follows—

15 “(5) UNFUNDED LIABILITY.—The term ‘un-
16 funded liability’ means the estimated excess of—

17 “(A) the actuarial present value of all fu-
18 ture benefits payable from the Fund under title
19 II of this Act based on the service of current
20 or former participants, over

21 “(B) the sum of—

22 “(i) the actuarial present value of de-
23 ductions to be withheld from the future
24 basic pay of participants currently subject

1 to title II of this Act pursuant to section
2 211;

3 “(ii) the actuarial present value of the
4 future contributions to be made pursuant
5 to section 211 with respect to participants
6 currently subject to title II of this Act;

7 “(iii) the Fund balance, as defined in
8 paragraph (4), as of the date the unfunded
9 liability is determined; and

10 “(iv) any other appropriate amount,
11 as determined by the Director in accord-
12 ance with generally accepted actuarial
13 practices and principles.”;

14 (2) in paragraph (6)—

15 (A) by striking “‘normal cost’” and
16 inserting “‘normal cost percentage’”; and

17 (B) by inserting “and standards
18 (using dynamic assumptions)” after “prac-
19 tice”; and

20 (3) by adding at the end the following
21 paragraph:

22 “(10) DYNAMIC ASSUMPTIONS.—The term ‘dy-
23 namic assumptions’ means economic assumptions
24 that are used in determining actuarial costs and li-

1 abilities of a retirement system and in anticipating
2 the effects of long-term future—

3 “(A) investment yields;

4 “(B) increases in rates of basic pay; and

5 “(C) rates of price inflation.”;

6 (b) in section 202 (50 U.S.C. 2012) by adding
7 at the end the following: “The Fund is appropriated
8 for the payment of benefits as provided by this
9 title.”;

10 (c) by amending section 211(a)(2) (50 U.S.C.
11 2021) to read as follows:

12 “(2) AGENCY CONTRIBUTIONS.—The Agency
13 shall contribute to the Fund the amount computed
14 in a manner similar to that used under section
15 8334(a) of title 5, United States Code, pursuant to
16 determinations of the normal cost percentage of the
17 Central Intelligence Agency Retirement and Dis-
18 ability System by the Director. Contributions under
19 this paragraph shall be paid from amounts available
20 for salaries and expenses.”; and

21 (d) in section 261 (50 U.S.C. 2091)—

22 (1) by repealing subsection (c) and (d) and
23 redesignating subsection (e) as subsection (c);

24 (2) by amending subsection (c), as redesign-
25 nated, to read as follows:

1 “(c)(1) Not later than June 30, 2003, the Director
2 shall cause to be made actuarial valuations of the Fund
3 that determine the unfunded liability of the Fund, as of
4 September 30, 2002, attributable to benefits payable
5 under this title and make recommendations regarding its
6 liquidation. After considering such recommendations, the
7 Director shall establish an amortization schedule, includ-
8 ing a series of annual installments commencing October
9 1, 2003, which provides for the liquidation of such liability
10 by October 1, 2042.

11 “(2) The Director shall redetermine the unfunded li-
12 ability of the Fund as of the close of the fiscal year, for
13 each fiscal year beginning after September 30, 2002,
14 through the fiscal year ending September 30, 2037, and
15 shall establish a new amortization schedule, including a
16 series of annual installments commencing on October 1
17 of the second subsequent fiscal year, which provides for
18 the liquidation of such liability by October 1, 2042.

19 “(3) The Director shall redetermine the unfunded li-
20 ability of the Fund as of the close of the fiscal year for
21 each fiscal year beginning after September 30, 2037, and
22 shall establish a new amortization schedule, including a
23 series of annual installments commencing on October 1
24 of the second subsequent fiscal year, which provides for
25 the liquidation of such liability over five years.

1 “(4) Amortization schedules established under this
2 subsection shall be set in accordance with generally accept-
3 ed actuarial practices and principles, with interest com-
4 puted at the rate used in the most recent valuation of the
5 Civil Service Retirement and Disability System.”; and

6 (3) by adding at the end the following new
7 subsection:

8 “(d) At the beginning of each fiscal year, beginning
9 on October 1, 2003, the Director shall notify the Secretary
10 of the Treasury of the amount of the first installment
11 under the most recent amortization schedule established
12 under subsection (c). The Secretary shall credit that
13 amount to the Fund, as a Government contribution, out
14 of any money in the Treasury of the United States not
15 otherwise appropriated. For the purposes of Section 504
16 of the National Security Act of 1947, this amount shall
17 be considered authorized.”; and

18 (e) by adding at the end of the Central Intel-
19 ligence Agency Retirement Act (50 U.S.C. 2001 et
20 seq.) the following new section 308:

21 **“§ 308. Full funding of Retiree Costs for Employees**

22 **Designated under Section 302**

23 “(a) In addition to other government contributions
24 required by law, the Agency shall contribute to the Civil
25 Service Retirement and Disability fund (hereinafter in this

1 section referred to as the ‘Fund’) amounts calculated in
2 accordance with section 8423 of title 5, United States
3 Code, based on the projected number of employees to be
4 designated pursuant to section 302 of this Act. In addi-
5 tion, the Agency, in a manner similar to that established
6 for employee contributions to the Fund by section 8422
7 of title 5, United States Code, will contribute an amount
8 equal to the difference between that which would be con-
9 tributed by the number of employees projected to be des-
10 ignated under section 302 and the amounts that are actu-
11 ally being deducted and contributed from the basic pay
12 of an equal number of employees pursuant to section
13 8422. The amounts of the Agency’s contributions under
14 this subsection shall be determined by the Director of the
15 Office of Personnel Management, in consultation with the
16 Director, and shall be paid by the Agency from funds
17 available for salaries and expenses. Agency employees des-
18 ignated pursuant to section 302 of this Act shall, com-
19 mencing with such designation, have deducted from their
20 basic pay the full amount required by section 8422 of title
21 5, United States Code, and such deductions shall be con-
22 tributed to the Fund.

23 “(b)(1) The Director of the Office of Personnel Man-
24 agement, in consultation with the Director, shall deter-
25 mine the total amount of unpaid contributions (govern-

1 ment and employee contributions) and interest attrib-
2 utable to the number of individuals employed with the
3 Agency on September 30, 2003, who are projected to be
4 designated under section 302 of this Act, but are not yet
5 designated under that section as of that date. The amount
6 shall be referred to as the section 302 unfunded liability.

7 “(2) Not later than June 30, 2004, the Director of
8 the Office of Personnel Management, in consultation with
9 the Director, shall establish an amortization schedule, set-
10 ting forth a series of annual installments commencing
11 September 30, 2004, which provides for the liquidation of
12 the section 302 unfunded liability by September 30, 2011.

13 “(3) At the end of each fiscal year, beginning on Sep-
14 tember 30, 2004, the Director shall notify the Secretary
15 of the Treasury of the amount of the annual installment
16 under the amortization schedule established under para-
17 graph (2) of this subsection. Before closing the accounts
18 for that fiscal year, the Secretary shall credit that amount
19 to the Fund, out of any money in the Treasury of the
20 United States not otherwise appropriated.

21 “(c) Amounts paid by the Agency pursuant to this
22 section are deemed to be specifically authorized by the
23 Congress for the purposes of section 504 of the National
24 Security Act of 1947.”.

1 **SEC. 303. FOREIGN SERVICE RETIREMENT AND DISABILITY**
2 **SYSTEM.**

3 Chapter 8 of Title I of the Foreign Service Act of
4 1980, Public Law 96–465, (22 U.S.C. 4041 et seq.) 94
5 Stat. 2071, as amended, is further amended—

6 (a) in section 804 (22 U.S.C. 4044)—

7 (1) by amending paragraph (5) to read as
8 follows:

9 “(5) ‘normal cost percentage’ means the entry-
10 age normal cost computed in accordance with gen-
11 erally accepted actuarial practice and standards
12 (using dynamic assumptions) and expressed as a
13 level percentage of aggregate basic pay;”;

14 (2) by amending paragraph (14) to read as
15 follows:

16 “(14) ‘unfunded liability’ means the estimated
17 excess of—

18 “(A) the actuarial present value of all fu-
19 ture benefits payable from the Fund under this
20 part based on the service of current or former
21 participants, over

22 “(B) the sum of—

23 “(i) the actuarial present value of de-
24 ductions to be withheld from the future
25 basic pay of participants currently subject
26 to this part pursuant to section 805;

1 “(ii) the actuarial present value of the
2 future contributions to be made pursuant
3 to section 805 with respect to participants
4 currently subject to this part;

5 “(iii) the Fund balance, as defined in
6 paragraph (7), as of the date the unfunded
7 liability is determined, excluding any
8 amount attributable to the Foreign Service
9 Pension System, or contributions made
10 under the Federal Employees’ Retirement
11 Contribution Temporary Adjustment Act
12 of 1983 by or on behalf of any individual
13 who became subject to the Foreign Service
14 Pension System; and

15 “(iv) any other appropriate amount,
16 as determined by the Secretary of the
17 Treasury in accordance with generally ac-
18 cepted actuarial practices and principles.”;
19 and

20 (3) by adding at the end the following new
21 paragraph:

22 “(15) ‘dynamic assumptions’ means economic
23 assumptions that are used in determining actuarial
24 costs and liabilities of a retirement system and in
25 anticipating the effects of long-term future—

1 “(A) investment yields;

2 “(B) increases in rates of basic pay; and

3 “(C) rates of price inflation.”;

4 (b) in section 852 (22 U.S.C. 4071a)—

5 (1) in paragraph (4)—

6 (A) by striking “normal cost” and in-
7 serting “normal cost percentage”; and

8 (B) by striking “by the Secretary of
9 State”;

10 (2) in paragraph (7)—

11 (A) by striking “supplemental” and
12 inserting “unfunded”;

13 (B) in subparagraph (B)(i) by strik-
14 ing “(I)” and “and (II) contributions for
15 past civilian and military service”; and

16 (C) in subparagraph (B)(ii) by insert-
17 ing before the semicolon “with respect to
18 participants currently subject to this part”;

19 and

20 (3) by adding at the end the following new
21 paragraph:

22 “(9) ‘dynamic assumptions’ means economic as-
23 sumptions that are used in determining actuarial
24 costs and liabilities of a retirement system and in
25 anticipating the effects of long-term future—

1 “(A) investment yields;

2 “(B) increases in rates of basic pay; and

3 “(C) rates of price inflation.”;

4 (c) in section 805(a)(1) (22 U.S.C.
5 4045(a)(i))—

6 (1) by striking the second sentence;

7 (2) (by redesignating that subsection, as so
8 amended, as (a)(1)(A);

9 (3) by redesignating the last sentence of
10 that subsection, as so amended as (a)(1)(C);

11 (4) by inserting after subparagraph (A)
12 the following new subparagraph:

13 “(B) Each employing agency having par-
14 ticipants shall contribute to the Fund the
15 amount computed in a manner similar to that
16 used under section 8334(a) of title 5, United
17 States Code, pursuant to determinations of the
18 normal cost percentage of the Foreign Service
19 Retirement and Disability System. Contribu-
20 tions under this subparagraph shall be paid
21 from the appropriations or fund used for pay-
22 ment of the salary of the participant.”;

23 (5) in subsection (a)(2)(A) by striking “An
24 equal amount shall be contributed by the De-
25 partment” and inserting in its place “Each em-

1 employing agency having participants shall con-
2 tribute to the Fund the amount computed in a
3 manner similar to that used under section
4 8334(a) of title 5, United States Code, pursu-
5 ant to determinations of the normal cost per-
6 centage of the Foreign Service Retirement and
7 Disability System”; and

8 (6) in subsection (a)(2)(B) by striking “An
9 equal amount shall be contributed by the De-
10 partment” and inserting in its place “Each em-
11 ploying agency having participants shall con-
12 tribute to the Fund from amounts available for
13 salaries and expenses the amount computed in
14 a manner similar to that used under section
15 8334(a) of title 5, United States Code, pursu-
16 ant to determinations of the normal cost per-
17 centage of the Foreign Service Retirement and
18 Disability System”;

19 (d) by repealing sections 821 and 822 (22
20 U.S.C. 4061 and 4062) and by adding the following
21 new section:

22 **“§ 821. Unfunded liability**

23 “(a)(1) Not later than June 30, 2003, the Secretary
24 of State shall cause to be made actuarial valuations of the
25 Fund that determine the unfunded liability of the Fund,

1 as of September 30, 2002, attributable to benefits payable
2 under this subchapter and make recommendations regard-
3 ing its liquidation. After considering such recommenda-
4 tions, the Secretary of State shall establish an amortiza-
5 tion schedule, including a series of annual installments
6 commencing October 1, 2003, which provides for the liq-
7 uidation of such liability by October 1, 2042.

8 “(2) The Secretary of State shall redetermine the un-
9 funded liability of the Fund as of the close of the fiscal
10 year, for each fiscal year beginning after September 30,
11 2002, through the fiscal year ending September 30, 2037,
12 and shall establish a new amortization schedule, including
13 a series of annual installments commencing on October 1
14 of the second subsequent fiscal year, which provides for
15 the liquidation of such liability by October 1, 2042.

16 “(3) The Secretary of State shall redetermine the un-
17 funded liability of the Fund as of the close of the fiscal
18 year for each fiscal year beginning after September 30,
19 2037, and shall establish a new amortization schedule, in-
20 cluding a series of annual installments commencing on Oc-
21 tober 1 of the second subsequent fiscal year, which pro-
22 vides for the liquidation of such liability over five years.

23 “(4) Amortization schedules established under this
24 subsection shall be set in accordance with generally accept-
25 ed actuarial practices and principles, with interest com-

1 puted at the rate used in the most recent valuation of the
2 Foreign Service Retirement and Disability System.

3 “(b) At the beginning of each fiscal year, beginning
4 on October 1, 2003, the Secretary of State shall notify
5 the Secretary of the Treasury of the amount of the first
6 installment under the most recent amortization schedule
7 established under paragraph (1). The Secretary of the
8 Treasury shall credit that amount to the Fund, as a Gov-
9 ernment contribution, out of any money in the Treasury
10 of the United States not otherwise appropriated.”;

11 (e) in section 857 (22 U.S.C. 4071f(b)(1)) by
12 striking “equal annual installments” and inserting
13 “annual installments set in accordance with gen-
14 erally accepted actuarial practices and principles”;

15 (f) in section 859 (22 U.S.C. 4071h(b)(1)) by
16 adding “percentage” after “normal cost”;

17 (g) in section 802 (22 U.S.C. 4042) by adding
18 at the end the following: “The Fund is appropriated
19 for the payment of benefits as provided by this sub-
20 chapter.”; and

21 (h) in section 818 (22 U.S.C. 4058) by striking
22 “System” and inserting “Systems under this sub-
23 chapter”.

1 **SEC. 304. PUBLIC HEALTH SERVICE COMMISSIONED CORPS**
 2 **RETIREMENT SYSTEM.**

3 (a) IN GENERAL.—Title II of the Public Health Serv-
 4 ice Act (42 U.S.C. 202 et seq.) is amended by adding at
 5 the end the following new part:

6 **“PART C—PUBLIC HEALTH SERVICE**
 7 **COMMISSIONED CORPS RETIREMENT SYSTEM**

8 “ESTABLISHMENT AND PURPOSE OF FUND

9 “SEC. 251. There is established on the books of the
 10 Treasury a fund to be known as the Public Health Service
 11 Commissioned Corps Retirement Fund (hereinafter in this
 12 part referred to as the ‘Fund’), which shall be adminis-
 13 tered by the Secretary of Health and Human Services
 14 (hereinafter in this part referred to as the ‘Secretary’).
 15 The Fund shall be used for the accumulation of funds in
 16 order to finance on an actuarially sound basis liabilities
 17 of the Department of Health and Human Services for ben-
 18 efits payable on account of retirement, disability, or death
 19 to commissioned officers of the Public Health Service and
 20 to their survivors pursuant to part A of this title.

21 “ASSETS OF THE FUND

22 “SEC. 252. There shall be deposited into the Fund
 23 the following, which shall constitute the assets of the
 24 Fund:

25 “(1) Amounts paid into the Fund under section
 26 255.

1 “(2) Any return on investment of the assets of
2 the Fund.

3 “(3) Amounts transferred into the Fund pursu-
4 ant to section 304(e) of the Budget Fraud Elimini-
5 nation Act of 2002.

6 “PAYMENT FROM THE FUND

7 “SEC. 253. There shall be paid from the Fund bene-
8 fits payable on account of retirement, disability, or death
9 to commissioned officers of the Public Health Service and
10 to their survivors pursuant to part A of this title.

11 “DETERMINATION OF CONTRIBUTIONS TO THE FUND

12 “SEC. 254. (a)(1) Not later than June 30, 2003, the
13 Secretary shall determine the unfunded liability of the
14 Fund attributable to service performed as of September
15 30, 2002, which is ‘active service’ for the purpose of sec-
16 tion 212. The Secretary shall establish an amortization
17 schedule, including a series of annual installments com-
18 mencing October 1, 2003, which provides for the liquida-
19 tion of such liability by October 1, 2042.

20 “(2) The Secretary shall redetermine the unfunded
21 liability of the Fund as of the close of the fiscal year, for
22 each fiscal year beginning after September 30, 2002,
23 through the fiscal year ending September 30, 2037, and
24 shall establish a new amortization schedule, including a
25 series of annual installments commencing on October 1

1 of the second subsequent fiscal year, which provides for
2 the liquidation of such liability by October 1, 2042.

3 “(3) The Secretary shall redetermine the unfunded
4 liability of the Fund as of the close of the fiscal year for
5 each fiscal year beginning after September 30, 2037, and
6 shall establish a new amortization schedule, including a
7 series of annual installments commencing on October 1
8 of the second subsequent fiscal year, which provides for
9 the liquidation of such liability over 5 years.

10 “(b) The Secretary shall determine each fiscal year,
11 in sufficient time for inclusion in the budget request for
12 the following fiscal year, the total amount of Department
13 of Health and Human Services contributions to be made
14 to the Fund during the fiscal year under section 255(a).
15 That amount shall be the sum of—

16 “(1) the product of—

17 “(A) the current estimate of the value of
18 the single level percentage of basic pay to be de-
19 termined under subsection (c)(1) at the time of
20 the most recent actuarial valuation under sub-
21 section (c); and

22 “(B) the total amount of basic pay ex-
23 pected to be paid during that fiscal year to
24 commissioned officers of the Public Health

1 Service on active duty (other than active duty
2 for training); and

3 “(2) the product of—

4 “(A) the current estimate of the value of
5 the single level percentage of basic pay and of
6 compensation (paid pursuant to section 206 of
7 title 37, United States Code) to be determined
8 under subsection (c)(2) at the time of the most
9 recent actuarial valuation under subsection (c);
10 and

11 “(B) the total amount of basic pay and of
12 compensation (paid pursuant to section 206 of
13 title 37, United States Code) expected to be
14 paid during the fiscal year to commissioned of-
15 ficers of the Reserve Corps of the Public Health
16 Service (other than officers on full-time duty
17 other than for training) who are not otherwise
18 described in subparagraph (A).

19 “(c) Not less often than every four years thereafter
20 (or by the fiscal year end prior to the effective date of
21 any statutory change affecting benefits payable on account
22 of retirement, disability, or death to commissioned officers
23 or their survivors), the Secretary shall carry out an actu-
24 arial valuation of benefits payable on account of retire-
25 ment, disability, or death to commissioned officers of the

1 Public Health Service and to their survivors pursuant to
2 part A of this title. Each such actuarial valuation shall
3 be signed by an enrolled Actuary and shall include—

4 “(1) a determination (using the aggregate
5 entry-age normal cost method) of a single level per-
6 centage of basic pay for commissioned officers of the
7 Public Health Service on active duty (other than ac-
8 tive duty for training); and

9 “(2) a determination (using the aggregate
10 entry-age normal cost method) of a single level per-
11 centage of basic pay and of compensation (paid pur-
12 suant to section 206 of title 37, United States Code)
13 of commissioned officers of the Reserve Corps of the
14 Public Health Service (other than officers on full
15 time duty other than for training) who are not oth-
16 erwise described in paragraph (1).

17 “(d) All determinations under this section shall be in
18 accordance with generally accepted actuarial principles
19 and practices and, where appropriate, shall follow the gen-
20 eral pattern of methods and assumptions approved by the
21 Department of Defense Retirement Board of Actuaries.

22 “(e) The Secretary shall provide for the keeping of
23 such records as are necessary for determining the actu-
24 arial status of the Fund.

1 “PAYMENTS INTO THE FUND

2 “SEC. 255. (a) From amounts available to the De-
3 partment of Health and Human Services for salaries and
4 expenses, the Secretary shall pay into the Fund at the end
5 of each month the amount that is the sum of—

6 “(1) the product of—

7 “(A) the level percentage of basic pay de-
8 termined using all the methods and assump-
9 tions approved for the most recent (as of the
10 first day of the current fiscal year) actuarial
11 valuation under sections 254(c)(1) (except that
12 any statutory change affecting benefits payable
13 on account of retirement, disability, or death to
14 commissioned officers or their survivors that is
15 effective after the date of that valuation and on
16 or before the first day of the current fiscal year
17 shall be used in such determination); and

18 “(B) the total amount of basic pay accrued
19 for that month by commissioned officers of the
20 Public Health Service on active duty (other
21 than active duty for training); and

22 “(2) the product of—

23 “(A) the level percentage of basic pay and
24 of compensation (paid pursuant to section 206
25 of title 37, United States Code) determined

1 using all the methods and assumptions ap-
2 proved for the most recent (as of the first day
3 of the current fiscal year) actuarial valuation
4 under section 254(c)(2) (except that any statu-
5 tory change affecting benefits payable on ac-
6 count of retirement, disability, or death to com-
7 missioned officers or their survivors that is ef-
8 fective after the date of that valuation and on
9 or before the first day of the current fiscal year
10 shall be used in such determinations); and

11 “(B) the total amount of basic pay and of
12 compensation (paid pursuant to section 206 of
13 title 37, United States Code) accrued for that
14 month by commissioned officers of the Reserve
15 Corps of the Public Health Service (other than
16 officers on full-time duty other than for train-
17 ing).

18 “(b) At the beginning of each fiscal year, beginning
19 on October 1, 2003, the Secretary shall certify to the Sec-
20 retary of the Treasury the amount of the first installment
21 under the most recent amortization schedule established
22 under section 254(a). The Secretary of the Treasury shall
23 pay into the Fund from the General Fund of the Treasury
24 the amount so certified. Such payment shall be the con-
25 tribution to the Fund for that fiscal year.

1 “INVESTMENTS OF ASSETS OF FUND

2 “SEC. 256. The Secretary may request the Secretary
3 of the Treasury to invest such portion of the Fund as is
4 not, in the judgment of the Secretary, required to meet
5 the current needs of the Fund. Such investments shall be
6 made by the Secretary of the Treasury in public debt secu-
7 rities with maturities suitable to the needs of the Fund,
8 as determined by the Secretary, and bearing interest at
9 rates determined by the Secretary of the Treasury, taking
10 into consideration current market yields on outstanding
11 marketable obligations of the United States of comparable
12 maturities. The income on such investments shall be cred-
13 ited to and form a part of the Fund.

14 “IMPLEMENTATION YEAR EXCEPTIONS

15 “SEC. 257. (a) To avoid funding shortfalls in the first
16 year should formal actuarial determinations not be avail-
17 able in time for budget preparation, the amounts used in
18 the first year in sections 255(a)(1)(A) and 255(a)(2)(A)
19 shall be set equal to those estimates in sections
20 254(b)(1)(A) and 254(b)(2)(A) if final determinations are
21 not available. The original unfunded liability as defined
22 in section 254(a) shall include an adjustment to correct
23 for this difference between the formal actuarial determina-
24 tions and the estimates in sections 254(b)(1)(A) and
25 254(b)(2)(A).”.

26 (b) CONFORMING AMENDMENTS.—

1 (1) CONDITION OF DETAIL.—Section 214 of the
2 Public Health Service Act (42 U.S.C. 215) is
3 amended by adding at the end the following new
4 subsection:

5 “(e) The Secretary shall condition any detail under
6 subsection (a), (b), or (c) upon the agreement of the execu-
7 tive department, State, subdivision, Committee of the
8 Congress, or institution concerned to pay to the Depart-
9 ment of Health and Human Services, in advance or by
10 way of reimbursement, for the full cost of the detail in-
11 cluding that portion of the contributions under section
12 255(a) that is attributable to the detailed personnel.”.

13 (2) EXEMPTION FROM SEQUESTRATION.—Sec-
14 tion 255(g)(1) of the Balanced Budget and Emer-
15 gency Deficit Control Act of 1985 (2 U.S.C.
16 905(g)(1)) is amended—

17 (A) in subparagraph (A), by inserting after
18 the item relating to “payment to the foreign
19 service retirement and disability fund” the fol-
20 lowing item: “Payment to the Public Health
21 Service Commissioned Corps Retirement Fund
22 (75–0380–0–1–551);”; and

23 (B) in subparagraph (B), by inserting
24 after the item relating to the “Pensions for
25 former Presidents” the following item: “Public

1 Health Service Commissioned Corps Retirement
2 Fund (75–8274–0–7–602);”.

3 (c) TRANSFER OF APPROPRIATIONS.—There shall be
4 transferred on October 1, 2004, into the fund established
5 under section 251 of the Public Health Service Act, as
6 added by subsection (a), any obligated or unobligated bal-
7 ances of appropriations made to the Department of Health
8 and Human Services that are currently available for bene-
9 fits payable on account of retirement, disability, or death
10 to commissioned officers of the Public Health Service and
11 to their survivors pursuant to part A of title II of the Pub-
12 lic Health Service Act, and amounts so transferred shall
13 be part of the assets of the Fund.

14 **SEC. 305. NATIONAL OCEANIC AND ATMOSPHERIC ADMIN-**
15 **ISTRATION COMMISSIONED OFFICER CORPS**
16 **RETIREMENT SYSTEM.**

17 (a) IN GENERAL.—The Coast and Geodetic Survey
18 Commissioned Officers’ Act of 1948 is amended by insert-
19 ing after section 8 (33 U.S.C. 853g) the following new
20 section:

21 “SEC. 8A. (a) ESTABLISHMENT AND PURPOSE OF
22 THE NOAA COMMISSIONED OFFICER CORPS RETIRE-
23 MENT FUND.—(1) There is established on the books of
24 the Treasury a fund to be known as the National Oceanic
25 and Atmospheric Administration Commissioned Officer

1 Corps Retirement Fund (hereinafter in this section re-
2 ferred to as the ‘Fund’), which shall be administered by
3 the Secretary of Commerce (hereinafter in this section re-
4 ferred to as ‘the Secretary’). The Fund shall be used for
5 the accumulation of funds in order to finance on an actu-
6 arially sound basis liabilities of the Department of Com-
7 merce under military retirement and survivor benefit pro-
8 grams for the commissioned officers corps of the National
9 Oceanic and Atmospheric Administration (hereinafter in
10 this section referred to as ‘NOAA’).

11 “(2) The term ‘military retirement and survivor ben-
12 efit program’ means—

13 “(A) the provisions of this Act and title 10,
14 United States Code, creating entitlement to, or de-
15 termining, the amount of retired pay;

16 “(B) the programs under the jurisdiction of the
17 Department of Defense providing annuities for sur-
18 vivors and members and former members of the
19 armed forces, including chapter 73 of title 10, sec-
20 tion 4 of Public Law 92–425, and section 5 of Pub-
21 lic Law 96–202, as made applicable to the NOAA
22 Commissioned Officer Corps by section 3 of the Act
23 of August 10, 1956 (33 U.S.C. 857a).

1 “(b) ASSETS OF THE FUND.—There shall be depos-
2 ited into the Fund the following, which shall constitute
3 the assets of the Fund:

4 “(1) Amounts paid into the Fund under sub-
5 section (e).

6 “(2) Any return on investment of the assets of
7 the Fund.

8 “(3) Amounts transferred into the Fund pursu-
9 ant to section 305(c) of the Budget Fraud Elimini-
10 nation Act of 2002.

11 “(c) PAYMENTS FROM THE FUND.—There shall be
12 paid from the Fund benefits payable on account of mili-
13 tary retirement and survivor benefit programs to commis-
14 sioned officers of the NOAA Commissioned Officer Corps
15 and their survivors.

16 “(d)(1)(A) DETERMINATION OF CONTRIBUTIONS TO
17 THE FUND.—Not later than June 30, 2003, the Secretary
18 shall determine the unfunded liability of the Fund attrib-
19 utable to service performed as of September 30, 2002,
20 which is ‘active service’ for the purpose of this Act. The
21 Secretary shall establish an amortization schedule, includ-
22 ing a series of annual installments commencing October
23 1, 2003, which provides for the liquidation of such liability
24 by October 1, 2042.

1 “(B) The Secretary shall redetermine the unfunded
2 liability of the Fund as of the close of the fiscal year, for
3 each fiscal year beginning after September 30, 2002,
4 through the fiscal year ending September 30, 2037, and
5 shall establish a new amortization schedule, including a
6 series of annual installments commencing on September
7 30 of the subsequent fiscal year, which provides for the
8 liquidation of such liability by October 1, 2042.

9 “(C) The Secretary shall redetermine the unfunded
10 liability of the Fund as of the close of the fiscal year for
11 each fiscal year beginning after September 30, 2037, and
12 shall establish a new authorization schedule, including se-
13 ries of annual installments commencing on October 1 of
14 the second subsequent fiscal year, which provides for the
15 liquidation of such liability over 5 years.

16 “(2) The Secretary shall determine each fiscal year,
17 in sufficient time for inclusion in the budget request for
18 the following fiscal year, the total amount of Department
19 of Commerce contributions to be made to the Fund during
20 that fiscal year under (e). The amount shall be the product
21 of—

22 “(A) the current estimate of the value of the
23 single level percentage of basic pay to be determined
24 under subsection (e) at the time of the most recent
25 actuarial valuation under paragraph (3); and

1 “(B) the total amount of basic pay expected to
2 be paid during that fiscal year to commissioned offi-
3 cers of NOAA on active duty.

4 “(3) Not less often than every four years (or by the
5 fiscal year end prior to the effective date of any statutory
6 change affecting benefits payable on account of retire-
7 ment, disability, or death to commissioned officers or their
8 survivors), the Secretary shall carry out an actuarial valu-
9 ation of benefits payable on account of military retirement
10 and survivor benefit programs to commissioned officers of
11 the NOAA Commissioned Officer Corps and to their sur-
12 vivors. Each such actuarial valuation shall be signed by
13 an enrolled Actuary and shall include a determination
14 (using the aggregate entry-age normal cost method) of a
15 single level percentage of basic pay for commissioned offi-
16 cers of NOAA on active duty.

17 “(4) All determinations under this section shall be in
18 accordance with generally accepted actuarial principles
19 and practices, and, where appropriate, shall follow the
20 general pattern of methods and assumptions approved by
21 the Department of Defense Retirement Board of Actu-
22 aries.

23 “(5) The Secretary shall provide for the keeping of
24 such records as are necessary for determining the actu-
25 arial status of the Fund.

1 “(e)(1) PAYMENTS INTO THE FUND.—From
2 amounts appropriated to the National Oceanic Atmos-
3 pheric Administration for salaries and expenses, the Sec-
4 retary shall pay into the Fund at the end of each month
5 the amount that is the product of—

6 “(A) the level percentage of basic pay deter-
7 mined using all the methods and assumptions ap-
8 proved for the most recent (as of the first day of the
9 current fiscal year) actuarial valuation under sub-
10 section (d) (except that any statutory change affect-
11 ing benefits payable on account of military retire-
12 ment and survivor benefit programs to commissioned
13 officers of the NOAA Commissioned Officer Corps
14 and to their survivors that is effective date after the
15 date of that valuation and on or before the first day
16 of the current fiscal year shall be used in such deter-
17 mination); and

18 “(B) the total amount of basic pay accrued for
19 that month by commissioned officers of NOAA on
20 active duty.

21 “(2)(A) At the beginning of each fiscal year, the Sec-
22 retary shall determine the sum of—

23 “(i) the amount of the payment for that year
24 under the amortization of the original unfunded li-
25 ability of the Fund;

1 “(ii) the amount (including any negative
2 amount) for that year under the most recent amorti-
3 zation schedule determined by the Secretary for the
4 amortization of any cumulative actuarial gain or loss
5 to the Fund, resulting from changes in benefits; and

6 “(iii) the amount (including any negative
7 amount) for that year under the most recent amorti-
8 zation schedule determined by the Secretary for the
9 amortization or any cumulative actuarial gain or loss
10 to the Fund resulting from changes in actuarial as-
11 sumptions and from experience different from the
12 assumed since the last valuation.

13 The Secretary shall promptly certify the amount of the
14 sum to the Secretary of the Treasury.

15 “(B) Upon receiving the certification pursuant to
16 paragraph (1), the Secretary of the Treasury shall
17 promptly pay into the Fund from the General Fund of
18 the Treasury the amount so certified. Such payment shall
19 be the contribution to the Fund for that fiscal year.

20 “(f) INVESTMENT OF ASSETS OF THE FUND.—The
21 Secretary may request the Secretary of the Treasury to
22 invest such portion of the Fund as is not, in the judgment
23 of the Secretary, required to meet the current needs of
24 the Fund. Such investments shall be made by the Sec-
25 retary of the Treasury in public debt securities with matu-

1 rities suitable to the needs of the Fund, as determined
2 by the Secretary, and bearing interest at rates determined
3 by the Secretary of the Treasury, taking into consideration
4 current market yields on outstanding marketable obliga-
5 tions of the United States of comparable maturities. The
6 income of such investments shall be credited to and form
7 a part of the Fund.

8 “(g)(1) IMPLEMENTATION YEAR EXCEPTIONS.—To
9 avoid funding shortfalls in the first year should formal ac-
10 tuarial determinations not be available in time for budget
11 preparation, the amounts used in the first year in section
12 105(a)(1) shall be set equal to the estimate in section
13 104(b)(1) if final determinations are not available. The
14 original unfunded liability as determined in section 104(a)
15 shall include an adjustment to correct for this difference
16 between the formal actuarial determinations and the esti-
17 mates in section 104(b)(1).”.

18 (b) EXEMPTION FROM SEQUESTRATION.—Section
19 255(g)(1)(B) of the Balanced Budget and Emergency
20 Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(B)) is
21 amended by striking “National Oceanic and Atmospheric
22 Administration retirement (13–1450–0–1–306);” and in-
23 serting “National Oceanic and Atmospheric Administra-
24 tion Commissioned Officer Corps Retirement Fund;”.

1 (c) TRANSFER OF APPROPRIATIONS.—There shall be
2 transferred on October 1, 2004, into the fund established
3 under section 8A(a) of the Coast and Geodetic Survey
4 Commissioned Officers' Act of 1948, as added by sub-
5 section (a), any obligated and unobligated balance of ap-
6 propriations made to the Department of Commerce that
7 are available as of the date of the enactment of this Act
8 for benefits payable on account of military retirement and
9 survivor benefit programs to commissioned officers of the
10 NOAA Commissioned Officer Corps and to their survivors,
11 and amounts so transferred shall be part of the assets of
12 the Fund, effective October 1, 2004.

13 (d) EFFECTIVE DATE.—Subsection (c) (relating to
14 payments from the Fund) and (e) (relating to payments
15 into the Fund) of section 8A of the Coast and Geodetic
16 Survey Commissioned Officers' Act of 1948, as added by
17 subsection (a), shall take effect on October 1, 2004.

18 **SEC. 306. COAST GUARD MILITARY RETIREMENT SYSTEM.**

19 (a) ACCRUAL FUNDING FOR COAST GUARD RETIRE-
20 MENT.—

21 (1) IN GENERAL.—Chapter 11 of title 14,
22 United States Code, is amended by adding at the
23 end the following new subchapter:

1 “SUBCHAPTER V—COAST GUARD MILITARY
2 RETIREMENT FUND

3 **“§ 441. Establishment and purpose of Fund; defini-**
4 **tions**

5 “(a) ESTABLISHMENT OF FUND; PURPOSE.—There
6 is established on the books of the Treasury a fund to be
7 known as the Coast Guard Military Retirement Fund
8 (hereinafter in this subchapter referred to as the ‘Fund’),
9 which shall be administered by the Secretary. The Fund
10 shall be used for the accumulations of funds in order to
11 finance on an actuarially sound basis liabilities of the
12 Coast Guard under military retirement and survivor ben-
13 efit programs.

14 “(b) MILITARY RETIREMENT AND SURVIVOR BEN-
15 EFIT PROGRAMS DEFINED.—In this subchapter, the term
16 ‘military retirement and survivor benefit programs’
17 means—

18 “(1) the provisions of this title and title 10 cre-
19 ating entitlement to, or determining the amount of,
20 retired pay;

21 “(2) the programs providing annuities for sur-
22 vivors of members and former members of the
23 armed forces, including chapter 73 of title 10, sec-
24 tion 4 of Public Law 92–425, and section 5 of Pub-
25 lic Law 96–402; and

1 “(3) the authority provided in section 1048(h)
2 of title 10.

3 “(c) SECRETARY DEFINED.—In this subchapter, the
4 term ‘Secretary’ means the Secretary of Transportation
5 when the Coast Guard is not operating as a service in the
6 Navy and the Secretary of Defense when the Coast Guard
7 is operating as a service in the Navy.

8 **“§ 442. Assets of the Fund**

9 “‘There shall be deposited into the Fund the fol-
10 lowing, which shall constitute the assets of the Fund:

11 “(1) Amounts paid into the Fund under section
12 445 of this title.

13 “(2) Any return on investment of the assets of
14 the Fund.

15 “(3) Amounts transferred into the Fund pursu-
16 ant to section 306(d) of the Budget Fraud Elimini-
17 nation Act of 2002.

18 **“§ 443. Payments from the Fund**

19 “(a) IN GENERAL.—There shall be paid from the
20 Fund the following:

21 “(1) Retired pay payable to persons on the re-
22 tired list of the Coast Guard.

23 “(2) Retired pay payable under chapter 1223 of
24 title 10 to former members of the Coast Guard and
25 the former United States Lighthouse Service.

1 “(3) Benefits payable under programs that pro-
2 vide annuities for survivors of members and former
3 members of the armed forces, including chapter 73
4 of title 10, section 4 of Public Law 92–425, and sec-
5 tion 5 of Public Law 96–402.

6 “(4) Amounts payable under section 1048(h) of
7 title 10.

8 “(b) AVAILABILITY OF ASSETS OF THE FUND.—The
9 assets of the Fund are hereby made available for payments
10 under subsection (a).

11 **“§ 444. Determination of contributions to the Fund**

12 “(a) INITIAL UNFUNDED LIABILITY.—(1) Not later
13 than June 30, 2003, the Secretary shall determine the un-
14 funded liability of the Fund attributable to service per-
15 formed as of September 30, 2002, which is ‘active service’
16 for the purposes of section 212. The Secretary shall estab-
17 lish an amortization schedule, including a series of annual
18 installments commencing October 1, 2003, which provides
19 for the liquidation of such liability by October 1, 2042.

20 “(2) The Secretary shall redetermine the unfunded
21 liability of the Fund as of the close of the fiscal year, for
22 each beginning after September 30, 2002, through the fis-
23 cal year ending September 30, 2037, and shall establish
24 a new amortization schedule, including a series of annual
25 installments commencing on October 1 of the second sub-

1 sequent fiscal year, which provides for the liquidation of
2 such liability by October 1, 2042.

3 “(3) The Secretary shall redetermine the unfunded
4 liability of the Fund as of the close of the fiscal year for
5 each fiscal year beginning after September 30, 2037, and
6 shall establish a new amortization schedule, including a
7 series of annual installments commencing on October 1
8 of the second subsequent fiscal year, which provides for
9 the liquidation of such liability over five years.

10 “(b) ANNUAL CONTRIBUTIONS FOR CURRENT SERV-
11 ICES.—(1) The Secretary shall determine each fiscal year,
12 in sufficient time for inclusion in the budget request for
13 the following fiscal year, the total amount of Department
14 of Transportation, or Department of Defense, contribu-
15 tions to be made to the Fund during that fiscal year under
16 section 445(a) of this title. That amount shall be the sum
17 of the following:

18 “(A) The product of—

19 “(i) the current estimate of the value of
20 the single level percentage of basic pay to be de-
21 termined under subsection (c)(1)(A) at the time
22 of the most recent actuarial valuation under
23 subsection (c); and

24 “(ii) the total amount of basic pay ex-
25 pected to be paid during that fiscal year to

1 members of the Coast Guard on active duty
2 (other than active duty for training).

3 “(B) The product of—

4 “(i) the current estimate of the value of
5 the single level percentage of basic pay and of
6 compensation (paid pursuant to section 206 of
7 title 37) to be determined under subsection
8 (c)(1)(B) at the time of the most recent actu-
9 arial valuation under subsection (c); and

10 “(ii) the total amount of basic pay and
11 compensation (paid pursuant to section 206 of
12 title 37) expected to be paid during that fiscal
13 year to members of the Coast Guard Ready Re-
14 serve (other than members on full-time Reserve
15 duty other than for training) who are not other-
16 wise described in subparagraph (A)(ii).

17 “(2) The amount determined under paragraph (1) for
18 any fiscal year is the amount needed to be appropriated
19 to the Department of Transportation for that fiscal year
20 for payments to be made to the Fund during that year
21 under section 445(a) of this title. The President shall in-
22 clude not less than the full amount so determined in the
23 budget transmitted to Congress for that fiscal year under
24 section 1105 of title 31. The President may comment and
25 make recommendations concerning any such amount.

1 “(c) PERIODIC ACTUARIAL VALUATIONS.—(1) Not
2 less often than every four years (or before the effective
3 date of any statutory change affecting benefits payable on
4 account of retirement, disability, or death to members of
5 the Coast Guard or their survivors), the Secretary shall
6 carry out an actuarial valuation of the Coast Guard mili-
7 tary retirement and survivor benefit programs. Each actu-
8 arial valuation of such programs shall be signed by an en-
9 rolled actuary and shall include—

10 “(A) a determination (using the aggregate
11 entry-age normal cost method) of a single level per-
12 centage of basic pay for members of the Coast
13 Guard on active duty (other than active duty for
14 training); and

15 “(B) a determination (using the aggregate
16 entry-age normal cost method) of single level per-
17 centage of basic pay and of compensation (paid pur-
18 suant to section 206 of title 37) for members of the
19 Ready Reserve of the Coast Guard (other than mem-
20 bers on full-time Reserve duty other than for train-
21 ing) who are not otherwise described in subpara-
22 graph (A).

23 “(2) Such single level percentages shall be used for
24 the purposes of subsection (b) and section 445(a) of this
25 title.

1 “(d) USE OF GENERALLY ACCEPTED ACTUARIAL
2 PRINCIPLES AND PRACTICES.—All determinations under
3 this section shall be in accordance with generally accepted
4 actuarial principles and practices and, where appropriate,
5 shall follow the general pattern of methods and assump-
6 tions approved by the Department of Defense Retirement
7 Board of Actuaries.

8 “(e) RECORDS.—The Secretary shall provide for the
9 keeping of such records as are necessary for determining
10 the actuarial status of the Fund.

11 **“§ 445. Payments into the Fund**

12 “(a) MONTHLY ACCRUAL CHARGE FOR CURRENT
13 SERVICES.—From amounts appropriated to the Coast
14 Guard for salaries and expenses, the Secretary shall pay
15 into the Fund at the end of each month as the Department
16 of Transportation, or Department of Defense, contribution
17 to the Fund for that month the amount that is the sum
18 of the following:

19 “(1) The product of—

20 “(A) the level percentage of basic pay de-
21 termined using all the methods and assump-
22 tions approved for the most recent (as of the
23 first day of the current fiscal year) actuarial
24 valuation under section 444(c)(1)(A) of this
25 title (except that any statutory change in the

1 military retirement and survivor benefit systems
2 that is effective after the date of that valuation
3 and on or before the first day of the current fis-
4 cal year shall be used in such determination);
5 and

6 “(B) the total amount of basic pay accrued
7 for that month by members of the Coast Guard
8 on active duty (other than active duty for train-
9 ing).

10 “(2) The product of—

11 “(A) the level percentage of basic pay and
12 compensation (accrued pursuant to section 206
13 of title 37) determined using all the methods
14 and assumptions approved for the most recent
15 (as of the first day of the current fiscal year)
16 actuarial valuation under section 444(c)(1)(B)
17 of this title (except that any statutory change
18 in the military retirement and survivor benefit
19 systems that is effective after the date of that
20 valuation and on or before the first day of the
21 current fiscal year shall be used in such deter-
22 mination); and

23 “(B) the total amount of basic pay and of
24 compensation (paid pursuant to section 206 of
25 title 37) accrued for that month by members of

1 the Ready Reserve (other than members of full-
2 time Reserve duty other than for training) who
3 are not otherwise described in paragraph
4 (1)(B).

5 “(b) ANNUAL PAYMENT FOR UNFUNDED LIABIL-
6 ITIES.—(1) At the beginning of each fiscal year, beginning
7 on October 1, 2003, the Secretary shall certify to the Sec-
8 retary of the Treasury the amount of the first installment
9 under the most recent amortization schedule established
10 under section 254(a). The Secretary of the Treasury shall
11 promptly pay into the Fund from the General Fund of
12 the Treasury the amount so certified. Such payment shall
13 be the contribution to the Fund for that fiscal year.

14 **“§ 446. Investment of assets of the Fund**

15 “The Secretary may request the Secretary of the
16 Treasury to invest such portion of the Fund as is not,
17 in the judgment of the Secretary, required to meet the
18 current needs of the Fund. Such investments shall be
19 made by the Secretary of the Treasury in public debt secu-
20 rities with maturities suitable to the needs of the Fund,
21 as determined by the Secretary, and bearing interest at
22 rates determined by the Secretary of the Treasury, taking
23 into consideration current market yields on outstanding
24 marketable obligations of the United States of comparable

1 maturities. The income on such investments shall be cred-
2 ited to and form a part of the Fund.”.

3 (2) TECHNICAL AMENDMENTS.—Such chapter
4 is further amended—

5 (A) by amending the center heading after
6 the table of sections to read as follows:

7 “SUBCHAPTER I—OFFICERS”;

8 (B) by amending the center heading after
9 section 336 to read as follows:

10 “SUBCHAPTER II—ENLISTED MEMBERS”;

11 (C) by amending the center heading after
12 section 373 to read as follows:

13 “SUBCHAPTER III—GENERAL PROVISIONS”;

14 and

15 (D) by amending the center heading after
16 section 425 to read as follows:

17 “SUBCHAPTER IV—SPECIAL PROVISIONS”.

18 (3) CLERICAL AMENDMENTS.—The table of sec-
19 tions at the beginning of such chapter is amended—

20 (A) by striking “OFFICERS” at the begin-
21 ning of the table and inserting “SUBCHAPTER
22 I—OFFICERS”;

23 (B) by striking “ENLISTED MEMBERS”
24 after the item relating to section 336 and in-

1 serting “SUBCHAPTER II—ENLISTED MEM-
2 BERS”;

3 (C) by striking “GENERAL PROVISIONS”
4 after the item relating to section 373 and in-
5 serting “SUBCHAPTER III—GENERAL PROVI-
6 SIONS”;

7 (D) by striking “SPECIAL PROVISIONS”
8 after the item relating to section 425 and in-
9 serting “SUBCHAPTER IV—SPECIAL PROVI-
10 SIONS”; and

11 (E) by adding at the end the following:

“SUBCHAPTER V—COAST GUARD MILITARY RETIREMENT FUND

“441. Establishment and purpose of Fund; definitions.

“442. Assets of the Fund.

“443. Payments from the Fund.

“444. Determination of contributions to the Fund.

“445. Payments into the Fund.

“446. Investment of assets of the Fund.”.

12 (b) IMPLEMENTATION YEAR EXCEPTIONS.—To avoid
13 funding shortfalls in the first year of implementation of
14 subchapter V of chapter 11 of title 14, United States
15 Code, as added by subsection (a), if formal actuarial deter-
16 minations are not available in time for budget preparation,
17 the amounts used in the first year under sections
18 445(a)(1)(A) and 445(a)(2)(A) of such title shall be set
19 equal to those estimates in sections 444(b)(1)(A)(i) and
20 444(b)(1)(B)(i), respectively, of such title if final deter-
21 minations are not available. The original unfunded liabil-
22 ity, as defined in section 444(a) of such title, shall include

1 an adjustment to correct for this difference between the
2 formal actuarial determinations and the estimates in sec-
3 tions 444(b)(1)(A)(i) and 444(b)(1)(B)(i) of such title.

4 (c) CONFORMING AMENDMENT.—Subparagraph (B)
5 of section 255(g)(1) of the Balanced Budget and Emer-
6 gency Deficit Control Act of 1985 (2 U.S.C. 905(g)(1))
7 is amended by striking “Retired Pay, Coast Guard (69–
8 0241–0–1–403)” and inserting “Coast Guard Military Re-
9 tirement Fund (69–0241–01–403)”.

10 (d) TRANSFER OF EXISTING BALANCES.—

11 (1) TRANSFER.—There shall be transferred into
12 the Fund on October 1, 2003, any obligated and un-
13 obligated balances of appropriations made to the De-
14 partment of Transportation that are currently avail-
15 able for retired pay, and amounts so transferred
16 shall be part of the assets of the Fund.

17 (2) FUND DEFINED.—For purposes of para-
18 graph (1), the term “Fund” means the Coast Guard
19 Military Retirement Fund established under section
20 441 of title 14, United States Code, as added by
21 subsection (a).

22 (e) EFFECTIVE DATE.—Sections 443 (relating to
23 payments from the Fund) and 445 (relating to payments
24 into the Fund) of title 14, United States Code, as added
25 by subsection (a), shall take effect on October 1, 2003.

1 **Subtitle B—Accrual Funding of**
2 **Post-Retirement Health Benefits**
3 **Costs for Federal Employees**

4 **SEC. 311. FEDERAL EMPLOYEES HEALTH BENEFITS FUND.**

5 (a) Section 8906 of title 5, United States Code, is
6 amended—

7 (1) by redesignating subsection (c) as sub-
8 section (c)(1) and by adding at the end the following
9 new paragraphs:

10 “(2) In addition to Government contributions
11 required by subsection (b) and paragraph (1), each
12 employing agency shall contribute amounts as deter-
13 mined by the Office to be necessary to prefund the
14 accruing actuarial cost of post-retirement health
15 benefits for each of the agency’s current employees
16 who are eligible for Government contributions under
17 this section. Amounts under this paragraph shall be
18 paid by the employing agency separate from other
19 contributions under this section, from the appropria-
20 tions or fund used for payment of the salary of the
21 employee, on a schedule to be determined by the Of-
22 fice.

23 “(3) Paragraph (2) shall not apply to the
24 United States Postal Service or the Government of
25 the District of Columbia.”; and

1 (2) by amending paragraph 1 of subsection (g)
2 to read:

3 “(1) Except as provided in paragraphs (2) and (3),
4 all government contributions authorized by this section for
5 health benefits for an annuitant shall be paid from the
6 Employees Health Benefits Fund to the extent that funds
7 are available in accordance with section 8909(j)(6) and,
8 if necessary, from annual appropriations which are au-
9 thorized to be made for that purpose and which may be
10 made available until expended.”.

11 (b) Section 8909 of title 5, United States Code, is
12 amended by adding at the end the following new sub-
13 section:

14 “(j)(1) Not later than June 30, 2004, the Office shall
15 determine the existing liability of the Fund for post-retire-
16 ment health benefits, excluding the liability of the United
17 States Postal Service for service under section 8906(g)(2),
18 under this chapter as of September 30, 2003. The Office
19 shall establish an amortization schedule, including a series
20 of annual installments commencing September 30, 2004,
21 which provides for the liquidation of such liability by Sep-
22 tember 30, 2041.

23 “(2) At the close of each fiscal year, for fiscal years
24 beginning after September 30, 2003, the Office shall de-
25 termine the supplemental liability of the Fund for post-

1 retirement health benefits, excluding the liability attrib-
2 utable to the United States Postal Service for service sub-
3 ject to section 8906(g)(2), and shall establish an amortiza-
4 tion schedule, including a series of annual installments
5 commencing on September 30 of the subsequent fiscal
6 year, which provides for liquidation of such supplemental
7 liability over 30 years.

8 “(3) Amortization schedules established under this
9 paragraph shall be set in accordance with generally accept-
10 ed actuarial practices and principles.

11 “(4) At the end of each fiscal year on and after Sep-
12 tember 30, 2004, the Office shall notify the Secretary of
13 the Treasury of the amounts of the next installments
14 under the most recent amortization schedules established
15 under paragraphs (1) and (2). Before closing the accounts
16 for the fiscal year, the Secretary shall credit the sum of
17 these amounts (including in that sum any negative
18 amount for the amortization of the supplemental liability)
19 to the Fund, as a Government contribution, out of any
20 money in the Treasury of the United States not otherwise
21 appropriated.

22 “(5) For the purpose of carrying out paragraphs (1)
23 and (2), the Office shall perform or arrange for actuarial
24 determinations and valuations and shall prescribe reten-

1 tion of such records as it considers necessary for making
2 periodic actuarial valuations of the Fund.

3 “(6) Notwithstanding subsection (b), the amounts de-
4 posited into the Fund pursuant to this subsection and sec-
5 tion 8906(c)(2) to prefund post-retirement health benefits
6 costs shall be segregated within the Fund so that such
7 amounts, as well as earnings and proceeds under sub-
8 section (c) attributable to them, may be used exclusively
9 for the purpose of paying Government contributions for
10 post-retirement health benefits costs. When such amounts
11 are used in combination with amounts withheld from an-
12 nuitants to pay for health benefits, a portion of the con-
13 tributions shall then be set aside in the Fund as described
14 in subsection (b).

15 “(7) Under this subsection, ‘supplemental liability’
16 means—

17 “(A) the actuarial present value for future post-
18 retirement health benefits that are the liability of
19 the Fund, less

20 “(B) the sum of—

21 “(i) the actuarial present value of all fu-
22 ture contributions by agencies and annuitants
23 to the Fund toward those benefits pursuant to
24 section 8906;

1 “(ii) the present value of all scheduled am-
2 ortization payments to the Fund pursuant to
3 paragraphs (1) and (2);

4 “(iii) the Fund balance as of the date the
5 supplemental liability is determined, to the ex-
6 tent that such balance is attributable to post-re-
7 tirement benefits; and

8 “(iv) any other appropriate amount, as de-
9 termined by the Office in accordance with gen-
10 erally accepted actuarial practices and prin-
11 ciples.”.

12 **SEC. 312. FUNDING UNIFORMED SERVICES HEALTH BENE-**
13 **FITS FOR ALL RETIREES.**

14 Title 10, United States Code, is amended—

15 (1) in the title of chapter 56, by striking “**DE-**
16 **PARTMENT OF DEFENSE MEDICARE-**
17 **ELIGIBLE**” and inserting “**UNIFORMED**
18 **SERVICES**”;

19 (2) in section 1111—

20 (A) in subsection (a)—

21 (i) by striking “Department of De-
22 fense Medicare-Eligible” and inserting
23 “Uniformed Services”;

24 (ii) by striking “Department of De-
25 fense under”; and

1 (iii) by striking “for medicare-eligible
2 beneficiaries”;

3 (B) in subsection (c)—

4 (i) by striking “The Secretary of De-
5 fense may” and inserting “The Secretary
6 of Defense shall”;

7 (ii) by striking “with any other” and
8 inserting “with each”;

9 (iii) by striking “Any such agree-
10 ment” and inserting “Such agreements”;
11 and

12 (iv) by striking “administering Sec-
13 retary may” and inserting “administrative
14 Secretary shall”;

15 (3) in section 1113—

16 (A) in subsection (a)—

17 (i) by striking “and are medicare eli-
18 gible”;

19 (ii) by striking “who are medicare eli-
20 gible”; and

21 (iii) by adding at the end the fol-
22 lowing new sentence: “For the fiscal year
23 starting October 1, 2002, only, the pay-
24 ments will be solely for the costs of mem-
25 bers or former members of a uniformed

1 service who are entitled to retired or re-
2 tainer pay and are medicare-eligible, and
3 eligible dependents or survivors who are
4 medicare-eligible.”;

5 (B) in subsection (c)(1), by striking “who
6 are medicare-eligible”;

7 (C) in subsection (d), by striking “who are
8 medicare-eligible”; and

9 (D) in subsection (f), by striking “If” and
10 inserting “When”;

11 (4) in section 1114, in subsection (a)(1), by
12 striking “Department of Defense Medicare-Eligible”
13 and inserting “Uniformed Services”;

14 (5) in section 1115—

15 (A) in subsection (b)(2), by striking “The
16 amount determined under paragraph (1) for
17 any fiscal year is the amount needed to be ap-
18 propriated to the Department of Defense (or to
19 the other executive department having jurisdic-
20 tion over the participating uniformed service)”
21 and inserting “The amount determined under
22 paragraph (1), or the amount determined under
23 section 1111(c) for a participating uniformed
24 service, for any fiscal year, is the amount need-
25 ed to be appropriated to the Department of De-

1 fense (or to any other executive department
2 having jurisdiction over a participating uni-
3 formed service)”;

4 (B) in subsection (c)(2), by striking “for
5 medicare eligible beneficiaries”; and

6 (C) by adding at the end the following new
7 subsection:

8 “(f) For the fiscal year starting October 1, 2002,
9 only, the amounts in this section shall be based solely on
10 the costs of medicare-eligible benefits of beneficiaries and
11 the costs for their eligible dependents or survivors who are
12 medicare-eligible, and shall be recalculated thereafter to
13 reflect the cost of beneficiaries defined in section 1111.”;

14 and

15 (6) in section 1116—

16 (A) in subsection (a)(1)(A), by striking
17 “for medicare-eligible beneficiaries”;

18 (B) in subsection (a)(2)(A), by striking
19 “for medicare-eligible beneficiaries”; and

20 (C) in subsection (c), by striking “sub-
21 section (a) shall be paid from funds available
22 for the health care programs” and inserting
23 “subsection (a) and section 1111(c) shall be
24 paid from funds available for the pay of mem-
25 bers of the participating uniformed services

1 under the jurisdiction of the respective admin-
2 istering secretaries”.

3 **SEC. 313. EFFECTIVE DATE.**

4 Except as otherwise provided, this title shall take ef-
5 fect upon enactment with respect to fiscal years beginning
6 after 2003.

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